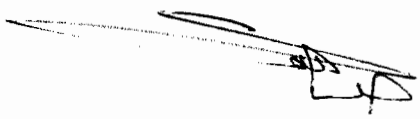
SERVICE QUALITY OF ISLAMIC BANKING:

AN INVESTIGATION IN TRIPOLI, LIBYA



SUHAIB ABUHELGHA

MASTER OF BUSINESS ADMINISTRATION (ACCT)

UNIVERSITI UTARA MALAYSIA

MAY 2010

SERVICE QUALITY OF ISLAMIC BANKING:

AN INVESTIGATION IN TRIPOLI, LIBYA

A Thesis Submitted to College of Business in
Partial Fulfillment of the Requirement for the
Degree of Master of Business Administration (Accounting)
Universiti Utara Malaysia

BY

SUHAIB ABUHELGHA

(802063)

COLLEGE OF BUSINESS

MASTER OF BUSINESS ADMINISTRATION (ACCT)

UNIVERSITI UTARA MALAYSIA

MAY 2010

Declaration

I declare that this thesis entitled "**Service Quality Of Islamic Banking: An Investigation In Tripoli, Libya**" is a result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted as a candidate for any other degree.

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

SUHAIB ABUHELGHA

College of Business
Universiti Utara Malaysia
06010 Sintok
Kedah

May 20th, 2010

PERMISSION TO USE

In presenting this thesis in fulfillment of the requirements for the postgraduate degree from the Universiti Utara Malaysia, I agree that the Universiti library may take it freely available for inspection. I further agree that the permission for copying of this thesis in any manner, in whole or in part, for scholarly purpose, may be granted by my supervisor, Associate Professor Norafifah Ahmad, or, in her absence, by the Dean of the Center for Graduate Studies. It is understood that any copy or publication or use of this thesis or parts of it for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the Universiti Utara Malaysia for any scholarly use which may be made of any material from my thesis.

Request for permission to copy or make other use of material in this thesis in whole or in part should be addressed to:

Dean of Research and Postgraduate Studies
Universiti Utara Malaysia
06010 UUM Sintok
Kedah Darul Aman
Malaysi

ABSTRACT

The objective of this study is to examine the influence of service quality dimensions namely, tangibility, reliability, responsiveness, assurance, and empathy, of Islamic banking on customer satisfaction. Questionnaires are designed and distributed to customers of an Islamic bank in Tripoli, Libya. Multivariate statistical analysis is performed to analyze the data of this study. The results of the regression analyses indicate that all of the five hypotheses tested are supported. There is a positive effect and significant relationships between the five dimensions of service quality and customer satisfaction. The direct positive and significant relationships confirm the influence of service quality on customer satisfaction of the Islamic bank in Tripoli, Libya.

Keywords: ***Service Quality, Customer Satisfaction, Islamic Banking, Relational Marketing, Concept Relationship Marketing***

ACKNOWLEDGEMENT

Every praise is due to the Almighty Allah alone, the Merciful and peace be upon His prophet who is forever a torch of guidance and knowledge for humanity as whole.

I realize this thesis is cannot be completed with the help of wonderful and kind people. In the first place I would like to record my gratitude to Associate. Professor. Norafifah Ahmad for her supervision, advice, and guidance from the very early stage of this research as well as giving me invaluable experiences throughout the work. Above all, she provides me unflinching encouragement and support in various ways.

Special thanks to my adorable parents. They deserve special mention for their inseparable support and prayers. My father, in the first place is the person who put the fundamental effort of my learning character, showing me the joy of intellectual pursuit ever since I was a child. My mother is the one who sincerely raised me with her caring and gently love.

Finally, I would like to thank everybody who is contributed to the successful realization of this thesis, as well as expressing my apology that I could not mention personally one by one.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ACRONYMS

Acronym	Explanation
CRM	Concept Of Relationship Marketing
HCI	Human Computer Interaction
IDB	Islamic Development Bank
SDS	Service Delivery/Distribution Systems
SERVQUAL	Service Quality
SPSS	Statistical Package for the Social Sciences

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Marketing concept nowadays aims more to the concept of maintaining customers by developing and sustaining their loyalty towards products and services offered by the company. Marketing orientation change from focusing in what we sell to what customers buy. Presumably this is a deliberation that a company is obligated to watch over its relationship with its customers (Moutinho and Smith, 2000).

Managing connection with customers is one of the activities that is done by customers-centric enterprises. Customers-centric company inclination can increase customer's loyalty, which finally, affects positively company's performance (Moutinho and Smith, 2000). Initially customers connection is assumed only as one of the differentiation source (competitive differentiation), but these days customer relationship management is assumed as a necessity for a company. Many companies eventually realize that the most basic task for the company management is to get and defend customers. Concept Relationship Marketing (CRM) thus become an "enabler" from this main task. (Vukmir, 2006).

Marketing orientation evolutes from sale orientation only to profit, aim through customers creation, and "retention" orientation by applying relational marketing (RM) principle that aims to

get profit via customers satisfaction. Relationship marketing concept has tight dependability with loyalty. Relationship marketing aims to form loyal attitude in consumer/customers in facing changing business condition (turbulence). Therefore every company needs to pay attention to the concept of relationship marketing in face of business rivalry.

The root of CRM is relationship marketing, and its main objective is to improve the long term profitability of customers for the organization by moving away from product-centric marketing. The relationship approach is an emerging perspective in the marketing literature. This approach aims at gaining and fostering customer loyalty (Gremler and Brown 1999). (Chen and Popovich 2003 and Cunningham 2002) argue that CRM is not a concept that is really new rather it has only assumed a practical importance due to current development and advances in the information and software technology. However, (Chou, Lin, Xu, and Yen, see Obeng and Loria, 2005) suggest that the attention CRM is currently receiving across businesses is due to the fact that the marketing environment of today is highly saturated and more competitive. In any case and from whichever angle the concept of CRM is viewed, the fact remains that it offers a lot of benefits to organizations in the contemporary business arena of intensive competition.

Marketing concept that professes transaction marketing looks at marketing process and when transaction finds deposits. In addition, marketing relationship gives attention in transaction that goes underway and makes it work as a basis for sustainable marketing relationship. Equally, relationship marketing always will cope to prolong age and customers lifetime as individual that transact (Berman, 1996).

The aim of relationship marketing according to (Zeithaml and Bitner, 2000) is to watch over and defend customers that already exist than look for new customers. Look for new consumers have bigger cost than to defend consumer that already exist. This matters since according to concept of customers' profitability, not all consumers are presupposed to give optimum profit for a company. If the company has consumer that can give optimum profit, then he/she must be defended.

Successful key factors in implementation relationship marketing according to Khoe Yao Tung (1997) cover 6 steps: (1) identifying principal customers; (2) collecting and using customers information; (3) measuring customers values and program relationship marketing; (4) managing and motivating organization for relationship marketing; (5) marketing as idea collection towards function; and (6) increasing and stabilizing dependability with customers.

The issue of distribution of retail financial services has received growing attention in the academic and professional literature. It has been hailed as an increasingly important factor in determining whether a company competes effectively in its chosen markets (Chandler et al., 1984). In an increasingly competitive and deregulated environment, superior distribution strategies are concerned with how to communicate with and deliver products to the consumer most effectively (Howcroft & Lavis, 1986). This strategy can provide institutions with competitive advantage in the marketplace. In effect, distribution provides the basis for differentiation rather than the core service itself.

In a recent overview of financial services buying behaviours, McKechnie (1992) cited convenience and ease of transaction as two of the major factors influencing bank selection, concluding that consumers were most interested in "how the service is delivered". This would seem to suggest that the issue of distribution of financial services will remain an important competitive variable. This is particularly the case as changes in demographic, economic and social factors alter consumers' preferred distribution channels, s a more computer literate generation emerges, far more trusting of, and at ease dealing with, technologies, IT-based delivery systems are likely to become more popular. Increased financial sophistication among certain sections of the population may also affect consumer preferences as more automation may be acceptable in such cases.

The increased attention given to marketing issues in financial services also means that banking organizations, aware of the increase in competitive pressures, are attempting to segment markets in terms of their desired delivery mechanisms and to provide a product offering tailored more closely to the needs of particular customer groups. Consumers of banking services are becoming more demanding in terms of the level of service they expect and how they are able to access services when required.

A general increase in organizations' customer orientation, owing to increased competition, witnessed in many markets, has also occurred in financial services, further heightening customer expectations. Customers are demanding greater convenience and accessibility as reflected in longer branch opening hours and an increase in the choice of delivery mechanisms. There has

been a step change in lifestyles in the latter part of the twentieth century as individuals have become more affluent and spent more on leisure activities. This has led to a decrease in disposable timeto dedicate to such things as financial matters. Changing work patterns may also add to an increase in time pressure for many individuals. Consumers have therefore demanded greater convenience and access (Laccess and Liljander, 2006)

This does not mean that the branch network does not have an important role to play. Branches, though in reduced numbers, continues to be an important means of reaching many segments of the market. However, with increasingly diverse sets of preferences there is a growing need for organizations to develop multiple channels of distribution. The branch network undoubtedly remains an important distribution channel for the foreseeable future; however, consumer perception on perceived quality on these distribution channels continues to be augmented in response to developments in consumer satisfaction (Jamal and Naser, 2002).

Service quality has been identified as a key determinant of the intention to use a service, and has therefore been extensively studied (Brown et al., 1994). The increased use of the internet as a delivery channel has prompted the development of e-service quality measures (Loiacono, 2000; Yoo & Donthu, 2001; Zeithaml et al., 2002), but these studies have focused on customer evaluations of e-service in isolation. In a multi-channel setting, it is important to understand customer evaluations of e-service as integrated into the overall offering in which the internet is often used as a complementary channel to existing channels.

Banking institution is one of the industries that is highly dependent on marketing relationship. Rivalry by each banking institution forces bank management to think how to defend their loyal permanent customers. Dependability between concept relationship marketing and customers' loyalty is one of the correct concepts that can be used by banking side in loyal attitude formation for their customers. There is an increasing demand in the society towards service quality; and banking institution is one of the primal service firm in economics of a country that faces this problem. All banks now go all out in giving their best services to satisfy their customers. (Anderson et al., 1994). Customers will feel satisfied because they buy service with good quality. They will do several actions to unfold the satisfaction, and this will lead to do re-buying in a larger ones (Anderson et al., 1994).

Sharia banking or Islamic banking is a system of banking that is developed based on sharia (law) Islam. The basic sharia bank operation (Islam bank) is not far different from conventional bank (commercial bank) in that it serves as mediator institution. Sharia bank personates mediator institution between society group units or economy units that experience fund surplus with other units that experience fund deficit. This formation effort system provides a basis for prohibition in Islamic religion to take interest from borrower, where interest-taking is usual in conventional banking system.

The existence of Islamic banking, as an alternative to the conventional banking, has added an impetus in the banking world in the quest for niche customers. Just like any other business, Islamic banks have to face complex rivalry within the banking world. To stay competitive,

relations with customers remain one of the urgent issues that continuously have to be addressed by Islamic banking institutions.

This study therefore focuses on the examination on the satisfaction achievement of customer service on Islamic bank performance.

1.2 Problem Statement

Service quality is commonly noted as a critical prerequisite for establishing and sustaining satisfying relationships with valued customers. In this way, the association between service quality and customer satisfaction has emerged as a topic of significant and strategic concern (e.g. Bolton and Drew, 1991; Cronin and Taylor, 1992; Taylor and Baker, 1994). In general, research in this area suggests that service quality is an important indicator of customer satisfaction (Spreng and Mackoy, 1996).

Apart from what has been highlighted earlier in this chapter, this present research is conducted on customers who received Islamic banking services from several bank providers in Tripoli, the capital city of Libya. Therefore, the problem addressed in this study is to observe whether there is any relationship between service quality (tangibles, reliability, responsiveness, assurance, and empathy) and customer satisfaction in several selected Libyan banks.

This study focuses on customers recognizing the retail banking tools, and their satisfaction from the distribution tool they are using in Libya Islamic banks. The literature suggests that bank customers display their satisfaction or dissatisfaction with the quality of services they are receiving from the different modes of distribution methods for providing banking services, for example internet banking, customer transaction counters, ATM service etc. Therefore this present study mainly focuses on examining the service quality (SERVQUAL) and its effect on customer satisfaction, and on identifying which distribution strategy is more productive, and which strategy is least productive in the selected bank .

1.3 Research Questions

1. Is there a positive effect of tangible dimensions on customer satisfaction?
2. Is there a a positive effect of reliability on customer satisfaction?
3. Is there a positive effect of responsiveness on customer satisfaction?
4. Is there a positive effect of assurance on customer satisfaction?
5. Is there a positive effect of empathy on customer satisfaction?

1.4 Research Objectives

This study generally seeks to examine the service quality provided by Islamic bank in Libya, and the extent of customer satisfaction toward the services they received. Specifically, the study aims to examine if these five banking service dimensions (tangibility, reliability, responsiveness, assurance, and empathy) positively affect customers' satisfaction.

1.5 Significance of the Study

This research can give contribution to parties, individuals or institutions, that intend to have knowledge on bank customers' behavior in specifically in Tripoli, the capital city of Libya. This research can be used as reference for further research in future, especially those researches related to service quality, product quality, satisfaction, trust, commitment, and sharia bank customer's loyalty. Research under communication that discusses service quality dependability and product quality with satisfaction, trust and consumer commitment; can use results from this current research as additional reference this research adds to the current increasing focus in sharia bank customers as this investigation has been made possible in Libya because the country practices a dual banking system.

Scope and Limitation of the Study

The present study is limited to Islamic banks only, operating in Tripoli, Libya. Therefore the findings of this research are limited to Tripoli Islamic banks and may not be able to be generalized to other countries.. However since the most of the banks in Libya use similar IT/technology-based distribution channels to provide banking service, it is assumed that the findings may have the ability to generalize customer satisfaction with respect to the service quality in various distribution channels used by banks in Libya.

Concept Definition

A. Performance (Customer Satisfaction):

In this study performance refers to customer satisfaction because in service industry, it is believed that if customers are satisfied, they would likely to be loyal with the company and hence firms achieve greater financial performance.

B. Service Quality:

In this study the service quality has been adopted from the study of (Parasuraman et al. 1985). Service quality is a vital antecedent of customer satisfaction (Cronin and Taylor, 1992). In turn, customer satisfaction is believed to affect post purchase and perception and future decisions. (Parasuraman et al. 1985) have originally identified ten determinants of service quality generic to the service industry.

These determinants are tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication, and understanding the customer. (Parasuraman et al. 1988) recognized these factors as SERVQUAL. It has become widely used as a generic instrument for perception measuring of service quality. The instrument items represent the five dimensions explained below:

1. ***Tangibles***. This dimension refers to the physical facilities, equipment, and appearance of personnel.

2. ***Reliability***. This dimension refers to the ability to perform the service dependably .

and accurately.

3. ***Responsiveness***. This dimension refers to the willingness customers and provides prompt service.

4. ***Assurance.*** This dimension refers to employee's knowledge, courtesy ability to convey trust and confidence.

5. ***Empathy.*** This dimension refers to the level of caring and individual attention provide to customers.

1.8 Summary

This chapter describes the background of the study. Changing trend of electronic or technology-based service delivery systems in retail banking plays an important role in firm performances. However, measuring the service quality of these services delivery channel is very desirable to see the effect of service quality evaluation onto the firm performance. This chapter also describes problem statement, research questions and objectives of the research study followed by the identification and explanation of the important concepts (research design element) of the study.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The following section reviews the literature relating to the banking sector, distribution or service delivery systems in financial sector, its evolution and the quality of these services delivery systems and its importance to firm customer overall satisfaction.

The issue of distribution of retail financial services has received growing attention in the academic and professional literature as it has been hailed as an increasingly important factor in determining whether a company competes effectively in its chosen markets (Chandler et al., 1984). In an increasingly competitive and deregulated environment, superior distribution strategies concerned with how to communicate with and deliver products to the consumer most effectively (Howcroft & Lavis, 1986). These strategies can provide institutions with competitive advantage in the marketplace.

In effect, distribution provides the basis for differentiation rather than the core service itself. This research is concerned with developments in the distribution of retail banking services in the Islam banking system. Libya is not different with the emergence of internet banking, telephone banking, mobile banking, SERVQUAL and also counter services at branches in retail banking delivery systems.

2.2 Definition of Islamic Banking

Sharia banking or Islam banking is a banking system based on sharia (law) Islam. This system essentially prohibits interest and investments in areas considered in Sharia, as prohibited. These areas include manufacturing or sale of non-*halal* products or related products; conventional insurance; entertainment; and manufacture or sale of tobacco-based products. In the conventional banking system, these restrictions are overwhelmingly overlooked.

The concept of Islamic banking in the modern sense was conceived in the 1940s. Then it was essentially based on sharing holding concept of *Mudarabah*. Over the years, many innovations have been embedded into the original concept of Islamic banking to make it more feasible and compatible to the reality on ground. Sharia banking first time appeared in Egypt without the use word ''Islam'' This was intentionally done by the government to curb a perceived growing Islamic fundamentalism and at the same time promoting Islamic values in the country. This idea was spearheaded by Ahmad el Najjar, who established savings bank on the basis of profit sharing (profit distribution) in the year 1963. The bank however succeeded luring about eight other banks into the foray. These banks avoid interest-based activity and ensure that their investments are in tandem with the requirements of Sharia. The profit made is distributed between banks and the customers on the one hand and between banks and the depositors on the other hand. However, these sharings are based on pre-defined ratios and usually done on contract basis, which must be mutually consented.

In Egypt, in the year 1971, a social bank was established in the framework of interest free commercial bank. In the official document there is no reference to Sharia or Islam. Islamic Development Bank (IDB) then started in the year 1974 with the help of an Islamic concept of that time. It predominantly serves as intergovernmental bank that aims to provide fund for developmental project for member nations. IDB provide financial assistance and charges for such assistance in the form of profit sharing according to Sharia.

Islamic banking also appears in other countries in the 1970s. For example, in the Middle East among others stand Dubai Islamic bank started in 1975, Feisal Islamic bank of Sudan started in 1977, Feisal Islamic bank of Egypt started in 1977 and Bahrain Islamic bank started in 1979. Libya in 1983 started a Muslim pilgrim's savings corporation that aimed to help Pilgrims who wanted to save to for their Mecca pilgrimage. At Asia-Pacific, Philippine bank was founded in the year 1973 based on presidential decree, and in Malaysia, Bank Islam started operations in 1983.

Services on Islamic Banking

The principle Islamic banking are based on rules of Islam between bank and other party for fund storage and/or business activity financing. Finance activity and banking can be looked at as vehicle for modern society in executing two Al-Quranic teachings. Several principle/laws that professed by system Sharia banking among others.

1. Payment towards loan with different value from loan value with value is determined previous is not permitted.

2. Fund giver must join in to share profit and loss to show for the effort of institution.

3. Islam does not permit "produce money from money". It is a mere form of transfer and not a commodities because doesn't it does not have intrinsic value.

4. Element of Gharar (uncertainty, speculation) is not allowed. Both parties must be well acquainted with details of the transaction.

5. Loans must be concentrated on activities not forbidden in Islam. For example alcoholic drink activities must not be funded by Sharia banking.

Service Quality on Islamic Banking

According to Kasmir (2004) bank marketing in general is a process to create and change product or bank services that are attributed to fulfilling need and customers' willingness by giving satisfaction. From this definition, with regards to this research, there two important matters - needs and customers' willingness are examined. Bank customers needs among others are: 1) need product or bank service; 2) safe taste need relates to bank; 3) freshmen need relates to bank; 4) need to be respected and awarded by entire banking employees; 5) need for friendship and intimacy; 6) need to be given attention by entire bank employees; 7) status/prestige need; with 8) self actualization need.

Bank customers willingness can be defined as needs that are formed by culture and individual personality, among others are: 1) need to get fast service; 2) need that bank can finish problem that being faced; 3) needto get bank commitment; 4) need to get certifiable service (fast and satisfy); 5) need to get satisfaction on service that are given.

Sharia bank is one of the financial institutions that use Sharia principle. It does not differ from from conventional banking principle in that is as agent of trust, agent of development, with agent of service (Muhammad, 2002: 202). As agent of trust, Sharia bank must always be able to watch over belief from society and trusted refraction, because the mentioned is biggest capital for a financial institution. As agent of development or development agency, Sharia bank functions to increase society standard of living must be seen.

According to Zeithaml and Bitner (1996) there are four primaries factors that influence customer's perception towards service that are accepted. These are 1) service encounters; 2) evidence of service; 3) image; and 4) price.

1. Service encounters (moment of truth)

From the aspect of look at customers, impression from service formed in moment the happening of contact (service encounter or moment of truth). At the (time) of interacted customers with service companies, there are three types of contacts: (1) remote encounters, contact that without direct connection existence with human, for example at the (time) of customers an interacted bank with bank passes SERVQUAL or automatic teller machine, (2) phone encounters, contact

that between customers passes telephone, (3) face to face encounters, contact that between customers with staff companies.

2. The evidence of service

*C*ustomers look for service presence in every interaction with organization. There are variables that belong to this category, that is: (a) people, that is, staff contact from company concerned, itself customers, and another service, (b) process, that is, operation current from activity, step in course of service, technology vs. human, flexibility vs. standard, and (c) physical evidence, that is: real communication, guarantee, technology, and device.

3. Image

Image perceptions towards organization are reflected in an existing association in customers' memory. Customers' image can have very real impact. Office hours for example, how many times the buses go and forth in a day, and others. Those images can also be concrete and even emotional, for example belief towards the company, traditional, affability, reliability, and others. Image can relate to when we can get service, image to company or image towards service user self. Image formed in consumer brain passes communication (advertisement, public relation, physical image, word of mouth communication) to combine empirically self.

4. Price

Price from service can be influential in a very big manner towards customer's perception of quality, satisfaction, and value. Because there is no real service and sometimes very difficult to be evaluated before happen service transaction, price is sometimes depends on deputy (surrogate) indicator that influence perception and hope towards quality.

In this study service quality dimensions are adopted from the study of Parasuraman et al. (1985). Parasuraman et al. (1985) have originally identified ten determinants of service quality generic to the service industry. These determinants are tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication, and understanding the customer. Parasuraman et al. (1988) recognized as SERVQUAL that has become widely used as a generic instrument for perception measuring of service quality. The instrument items represent the five dimensions explained below:

1. ***Tangibility.*** This dimension refers to the Physical facilities, equipment, and appearance of personnel.

2. ***Reliability***. This dimension refers to the ability to perform the service dependably and accurately.

3. ***Responsiveness***. This dimension refers to the willingness of customers and provides prompt service.

4. ***Assurance.*** This dimension refers to employee's knowledge, courtesy ability to convey trust and confidence.

5. ***Empathy.*** This dimension refers to the level of caring and individual attention provided to customers.

2.3 Service Quality and Customer Satisfaction

Service quality is a vital antecedent of customer satisfaction (Cronin & Taylor, 1992). In turn, customer satisfaction is believed to affect post purchase and perception and future decisions.

Parasuraman et al. (1985) have originally identified ten determinants of service quality generic to the service industry.

SERVQUAL consists of two sections. A 22-item section measuring the service quality expectation within a specific sector and a corresponding 22-item section measuring the perception of service quality of a particular company in that sector (Parasuraman et al., 1988, 1991). SERVQUAL scores were defined as the differences between the expected service quality and the perceived one. No particular study investigated the difference in significance between the five dimensions of SERVQUAL. (Parauraman et al. 1988, 1991) have consistently observed that reliability had the strongest regression coefficient, assurance and responsiveness had the next strongest coefficients, and empathy and tangibles had the weakest coefficients. These observations were, however, not verified statistically.

SERVQUAL has been widely used (Dabholkar et al., 1996; Hussey, 1999; Nielsen and Host, 2000; Engelland et al., 2000; Getz et al., 2001). It was however challenged in a number of subsequent studies (Carman, 1990; Babakus and Boller, 1992; Cronin and Taylor, 1992, 1994; Teas, 1993, 1994; Brown et al., 1993; Chase and Stewart, 1994). (Van Dyke and Kappelman 1997) and (Babakus and Boller 1992) questioned the conceptual appropriateness of SERVQUAL. They challenged the operationalization of perceived service quality as a difference or gap score, the ambiguity of the expectations construct, and the unsuitability across different industries. The psychometric properties of SERVQUAL have been examined in many studies. The evidence provides general support for the validity and reliability, of the instrument (Finn and Lamb, 1991; Kettinger and Lee, 1995; Lam, 1997).

Service perception on a particular firm company (SERVPERF) is composed of the other 22 perception items in the SERVQUAL scale, and therefore excludes any consideration of expectations. They Finn and Lamb(1991), Kettinger and Lee(1995), Lam(1997) found that this measure explained more of the variance in an overall measure of service quality than did SERVQUAL. They also indicated that a psychometrically superior assessment of service quality can be obtained through the SERVQUAL. In this study, SERVQUAL had constructed to measure the perception of service quality of the bank multi channel service delivery or distribution systems. However, SERVQUAL has been mostly associated with person-to-person interaction, and different tools are needed to understand quality evaluation of technology-enabled SDSs (Meuter et al., 2000). New measures of service quality that are suited to the Web environment include WebQual (Loiacono, 2000), SiteQual (Yoo & Donthu, 2001), and e-Servqual (Zeithaml et al., 2002).

The software engineering community has increasingly accepted the importance of user requirements and usability for the success of user interfaces (Dertouzos et al., 1989). The field of human computer interaction (HCI) has developed a body of knowledge with respect to the user perspective in interface design (Shneiderman, 1998; Norman, 1998; Preece et al., 2000), and this has provided useful insights into satisfaction with e-service delivery – including such important usability goals as: time to learn, speed of performance, rate of errors, and user retention (Shneiderman, 1998); and simplicity, clarity of function, and visibility (Raskin, 2000; Nielsen, 2000).

It is apparent that the drivers of customer satisfaction in internet transactions differ from those in person-to person interaction. However, a comparison of the dimensions used in SERVQUAL with those identified in recent studies of customer evaluations of internet services reveals that the two have some similarities, although they assume a different form in the two contexts. Tangibles might not be as applicable to the web interface. However, appearance (Norman, 1998; Cox and Dale, 2001) and site design (Szymanski and Hise, 2000; Yoo and Donthu, 2001) have been found to have a significant effect on the success of Web interfaces. Reliability has been identified as a key determinant of service quality both in interpersonal and e-service (Zeithaml et al., 2002; Dabholkar, 1996; Cox and Dale, 2001). However, in the Web environment, because customers play a more direct role in service provision, new aspects of this dimension might arise such as error prevention and error handling (Shneiderman, 1998; Norman, 1998).

CHAPTER 3

METHODOLOGY

3.1 Introduction

The literature review in the previous chapter indicates the definition of the key terms of this research and also the conceptual framework of the research. This chapter covers research methodology which consists of the research design, hypotheses and the sampling procedure, data collection method, questionnaire and data analysis.

3.2 Research Design

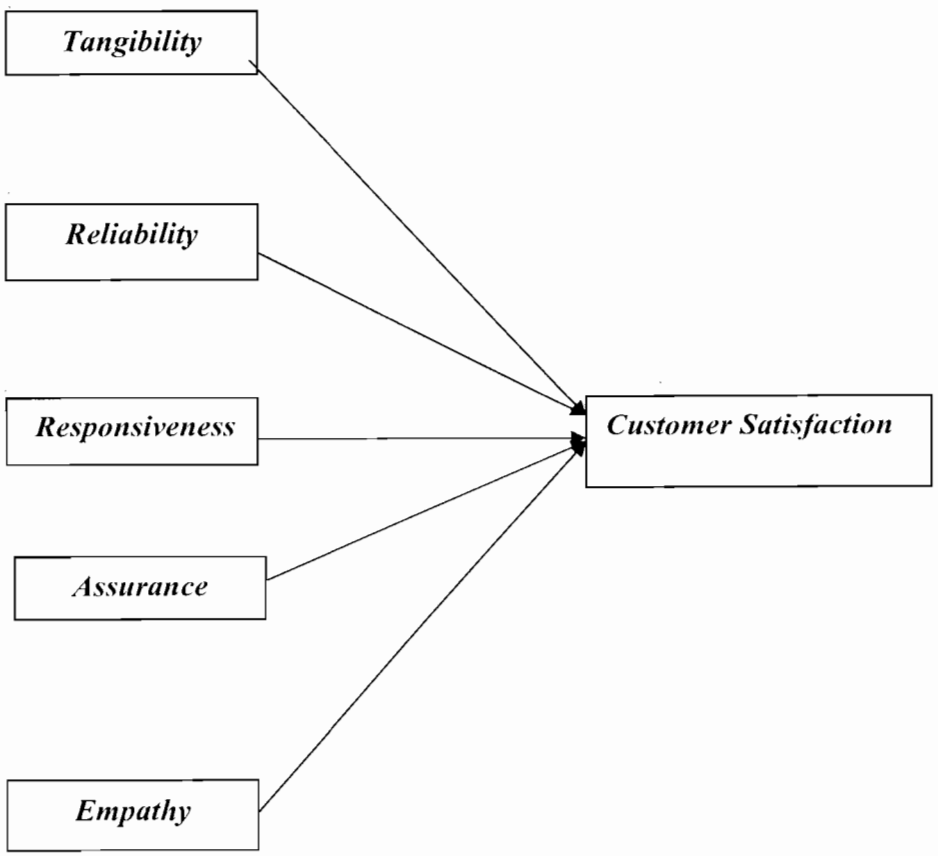
This section describes the research methods to test the hypothesis developed in the second chapter. Quantitative research method was used to examine the interaction among variables in the research framework. Survey on Islamic Banking customer was performed based on a questionnaire. Overall, the sampling procedure, data collection, questionnaire and data analysis was employed. A questionnaire using a seven-point scale was employed to collect the data for the constructs of the research model. Items from previous studies were modified for adaptation to the customer satisfaction on Islamic banking context. The measure using a five-point Likert-scale ranging from "1" (strongly disagree) to "5" (strongly agree).

3.3 Research Framework

Using research framework in Figure 3.1, , this study examines the influence of service quality dimensions, that are, tangibility, responsibility, assurance, empathy and responsiveness of Islamic banking on customer satisfaction. Service quality is stated as independent variables and customer satisfaction is the dependent variable. The interaction of variables in the model determines somehow the influence of service quality on customer satisfaction.

Figure 3.1 Research Framework

The Study of Service Quality of Islamic Banking in Tripoli of Libya



3.4 Hypotheses Development

A- Tangibles might not be as applicable to the web interface. However, appearance (Norman, 1998; Cox and Dale, 2001) and site design (Szymanski and Hise, 2000; Yoo and Donthu, 2001) have been found to have a significant effect on the success of Web interfaces. Therefore our first hypothesis is:

H1: Tangibility has a positive effect on customer satisfaction

B- Reliability has been identified as a key determinant of service quality both in interpersonal and e-service (Zeithaml et al., 2002; Dabholkar, 1996; Cox and Dale, 2001). However, in the Web environment, because customers play a more direct role in service provision, new aspects of this dimension might arise such as error prevention and error handling (Shneiderman, 1998; Norman, 1998). Therefore our second hypothesis is:

H2: Reliability has a positive effect on customer satisfaction

C- Responsiveness is defined in interpersonal service provision as the willingness to help customers and provide prompt service (Parasuraman et al., 1988). In Web service this concept seems to be related to efficiency (Zeithaml et al., 2002), convenience (Joseph et al., 1999; Szymanski and Hise, 2000), accessibility (Szymanski and Hise, 2000; Cox and Dale, 2001), and speed of performance and delivery (Dabholkar, 1996; Shneiderman, 1998; Cox and Dale, 2001; Yoo and Donthu, 2001; Van Riel et al., 2001). Therefore on the basis of the argument above we generate our third hypothesis as:

H3: Responsiveness has a positive effect on customer satisfaction

D- Assurance in the Web environment cannot be attained through the knowledge of can be attained on the SERVQUALS transaction, internet and mobile/telephone banking, though

the assurance can be relate to internet or electronic banking (Ceaparu et al., 2002). However it is more defined on the interpersonal notion, therefore our fourth hypothesis is as follows:

H4: Assurance has a positive effect on customer satisfaction

E- Empathy is an important dimension of service quality in personal interaction (Parasuraman et al., 1988). However, in the electronic environment, individualized attention and care are attained differently – through customization and awareness of customer needs (Van Riel et al., 2001; Joseph et al., 1999). This leads to our last hypothesis:

H5: Empathy has a positive effect on customer satisfaction

The reviewed studies have approached quality and satisfaction in personal and e-service provision separately. Although some of them addressed the commonalities of online and offline services (Zeithaml, 2002; Loiacono, 2000), they focused on customer evaluations of each SDS in isolation, and did not analyze Internet service provision as integrated in an overall multi-channel offering.

3.5 Population and Sample

The population is listed customers of Islamic Banking providers in Tripoli of Libya as they are expected to come from the various personal backgrounds, which may represent better sample distribution. The number of sample needed selected based on Sekaran's (2006) rule of thumb tables. To identify the sample, selection is based on the simple random sampling technique as recommend from Sekaran (2006).

3.6 Data Collection and Analysis Technique

The primary objective of this research is to test the research hypotheses, based upon the conceptual framework of this study. This study used quantitative research approach and survey the customer on internet purchasing. Questionnaire was designed and distributed to the sample of the research. The statistical software SPSS version 17.00 wasemployed to ensure the relevant issues is examined in a comprehensive manner. Both simple and advanced statistical tools and methods were used where appropriate for analyzing the relationship among the variables and the model. Therefore usage of statistical techniques was n accordance to commonly accepted research assumptions and practices. Multivariate statistical analysis was performed to analyze the data of this study.

CHAPTER 4

FINDINGS

4.1 Introduction

This chapter presents the results of the data analysis. Data analysis includes descriptive analysis and factor analysis. For hypothesis testing simple regression analysis was used to examine the relationship and effect of the two variables: customer satisfaction (the dependent variable) and five service quality dimensions (independent variables) namely tangibles, reliability, responsiveness, assurance, and empathy.

4.2 Descriptive Analysis of Variables

Frequencies, means medians and stand deviations for all variables were calculated, to obtain a general profile of the distribution. Table 4.1 and 4.2 shows the summary of descriptive statistics for the variables of the study.

Table 4.1 Means and Standard Deviation for Service Quality

	Questions/Items	MEAN	Standard Dev
1.	Bank employees are polite and courteous with me	1.7083	.69083
2.	Letters send by the bank are clear and easy to understand	1.9667	.69733
3.	Employees at this bank show sincere effort to solve my problems	2.1000	.80335
4.	Employees' behavior in this bank instill confidence in me	1.5667	.60437
5.	I feel safe in making transaction in this bank	1.6917	.54689
6.	It is so easy to use SERVQUAL services of this bank	2.1500	.74077
7.	Services are promptly provided in this bank	1.8583	.74806
8.	The bank has modern looking equipment	2.0083	.86477
9.	Physical facilities are visually appealing in this bank	2.2250	.82465
10.	Bank employees are well groomed and neat looking	2.1417	.85303
11.	This bank use advanced technology for the operations	2.6167	.86173
12.	The information on the web site is easy to understand	2.3500	.94957
13.	Services are promptly Provided promptly in this bank	2.3083	.85794
14.	The Telephone banking services are easy to use and effective	2.3167	.84000
15.	this bank internet banking service is safe and accurate	2.0583	.80226
16.	This bank provide a secure SMS /Mobile banking	2.3667	.88814
17.	There is always an employee in customer desk	1.8583	.74806
18.	The counter service in this bank provide all the transaction services in time	2.0083	.86477
19.	The branch of the bank is easily accessible	2.2250	.82465
20.	The bank employees always provide correct information of my queries and issues	2.1417	.85303
21.	Telephone calls are answered properly and clearly without awaiting too long	2.6167	.86173

22.	Internet/SERVQUAL, Phone banking provide accurate account information	2.3500	.94957
23.	IT based services are conveniently operated 24 hours day	2.0083	.86477
24.	Employees always give personal attention to me when I go to counter for transactions	2.2250	.82465

N= 120

Cronbach's alpha = .72

Range 1 to 5 [1= (Strongly Agree), 5= (Strongly Disagree)]

Table 4.2 Means and Standard Deviation for Customer Satisfaction

Question/Item	Mean	Standard Deviation
How satisfied you are with the Islamic bank and its services	1.9012	0.8512

N=120

Range 1=Highly Satisfied, 5=highly dissatisfied

4.3 Profiles of Respondents

The overall profile of the participating bank customers in this survey based study are presented in Tables 4.3.1 through 4.3.5 .The distribution of the age of the respondents ranges from 18 to 56 and above. 27% are between the ages of 18-22, followed by 25% of the respondents, who are between the age of 46-55. 61.7% of the respondents are females while 38.3 % were male customers.. Most of the participating respondents in this survey of about 49.2 % have degree qualification, while 23.3% of the respondent do not had the formal qualification.

65.7% of the respondents have been customers of the bank for the last 2-5 years; however 25% have between 0-1 years, which indicates that these customers are new customers to the Islamic bank. The ethnic origin information of our respondents shows that, 34.2% respondents belongs to Arabic origin, 25% were Western respondents followed by African and international respondents, 20.0% and 20.8% respectively. (Refer to Table 4.3.1, Table 4.3.2, Table 4.3.3, Table 4.3.4, and 4.3.5 respectively. Source of information of these tables is from the questionnaires received from the 120 respondents)

Table 4.3.1 Frequency of Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-22	33	27.5	27.5	27.5
	23-26	21	17.5	17.5	45.0
	27-30	9	7.5	7.5	52.5
	31-35	24	20.0	20.0	72.5
	36-55	30	25.0	25.0	97.5
	56 and Above	3	2.5	2.5	100.0
	Total	120	100.0	100.0	

Table 4.3.2 Frequency of Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	FEMALE	74	61.7	61.7	61.7
	MALE	46	38.3	38.3	100.0
	Total	120	100.0	100.0	

Table 4.3.3 Respondent Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Degree	59	49.2	49.2	49.2
	Masters	11	9.2	9.2	58.3
	Diploma	18	15.0	15.0	73.3
	PhD	4	3.3	3.3	76.7
	No formal education	28	23.3	23.3	100.0
	Total	120	100.0	100.0	

Table 4.3.4 Ethnicity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Arabic	41	34.2	34.2	34.2
	Western	24	20.0	20.0	54.2
	African	30	25.0	25.0	79.2
	International	25	20.8	20.8	100.0
	Total	120	100.0	100.0	

Table 4.3.5 Years of Banking Relationship with the Bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-1 years	30	25.0	25.0	25.0
	2-5 years	80	66.7	66.7	91.7
	6-10 years	10	8.3	8.3	100.0
	Total	120	100.0	100.0	

4.4 Results of Factor Analysis

The principle component factor analysis is performed to investigate interrelationship among the items used in the proposed five measures of service quality. Factor analysis allows the researcher

to determine underlying dimensionality. The factor analysis of 24 service quality items provides exactly five factors with eignvalue in excess of over 1 and with value of over .70 for Cronbach's alpha coefficient for the summed score of the items. Total percent of variance accounted for by the five factors is 63.677%.

The first factor entitled : Responsiveness, was made up of five items, second factor entitled as Empathy , which was made up of six items .third factor we named it as Reliability , which was made up of five items , the forth and fifth factor was named as Assurance and tangibility , were made up of four items respectively.

Table 4.4.1: Results of Factor Analysis

Factors Label and Item	Factor Loadings
Factor One : Tangibility	
IT based services are conveniently operated 24 hours day	*.736*
The bank has modern looking equipment	*.521*
This bank use advanced technology for the operations	*.921*
The branch of the bank is easily accessible	*.618*
Physical facilities are visually appealing in this bank	*.956*

Factor Two : Reliability	
The Telephone banking services are easy to use and effective	*.961*
this bank internet banking service is safe and accurate	*.772*
This bank provide a secure SMS /Mobile banking	*.657*
The counter service in this bank provide all the transaction services in time	*.634*
The counter service in this bank provide all the transaction services in time	*.634*
Factor Three : Responsiveness	
Letters send by the bank are clear and easy to understand	*.976*
Employees at this bank show sincere effort to solve my problems	*.976*
Employees' behavior in this bank install confidence in me	*.738*
Telephone calls are answered properly and clearly without awaiting too long	*.624*
Factor Four : Assurance	
The bank employees always provide correct information of my queries and issues	*.587*
It is so easy to use SERVQUAL services of this bank	*.956*
Internet/SERVQUAL, Phone banking provide accurate account information	*.653*
feel safe in making transaction in this bank	*.956*
The information on the web site is easy to understand	*.961*

Factor Five: Empathy	
Services are promptly provided in this bank	*.521*
Employees always give personal attention to me when I go to counter for transactions	*.924*
Bank employee are polite and courteous with me	*.976*
There is always an employee in customer desk	*.634*

Table 4.4.2 Total Variance Explained

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	4.887	16.197	16.197
2	4.823	15.930	32.128
3	3.690	11.207	43.335
4	3.675	11.145	54.479
5	3.207	9.198	63.677

Extraction Method: Principle Component Analysis

4.5 Results of Hypotheses Testing

The following five hypotheses were tested using simple and multiple regression analysis to examine the effect of the predictor (independent variable) on the dependent variable (customer satisfaction).

The significance level was set at $p <_ .05$. No missing values were found, thus the number of observation for statistics run with customer satisfaction was 120.

4.5.1 Result of First Hypothesis

H1: Tangibility of *SERVQUAL* of Islamic Banking has positive effect on customer satisfaction

Results from a simple regression analysis reveals that, there is a positive, significant relationship between perceive service quality of the services provided by the Islamic bank and the over all customer satisfaction. Tangibility affect customer satisfaction positively. The Pearson correlation and coefficient of determinant denoted by R^2 are calculated to describe the strength of the association between the two variables at $p >_ 0.05$ level.

As shown in Table 4.5.1, a positive effect and relationship are established between tangibility and customer satisfaction. The slope, b, and the one tailed t-test statistics from the summary of the regression analysis also show that there is a positive relationship between the two variables (slope b=16.52, t=2.711, < .001). The R^2 value for tangibility and customer satisfaction was .03; indicating tangibility explained 3% of the variability in customer satisfaction. Hypothesis (H01) is supported.

Table 4.5.1 Simple Regression analysis for H1 Tangibility-Customer Satisfaction

ANOVA(b)	Df	SS	MS	F	R^2
Regression	1	5.60	5.60	7.64	.02
Residual	120	290.86	.66		
Variables in the Equation					
Variable	B	Beta	T	Sig t	
	.35	.13	2.76	0.003	

(n=120) p <_ .05

4.5.2. Result of Second Hypothesis

H2: Reliability of SERVQUALs, of customer desk has a positive effect on customer satisfaction

Simple regression analysis table 4.5.2 is run to determine whether the reliability the counter desk services of the bank has a an effect on customer satisfaction. The result of regression analysis reveals that, there is a positive relationship between these two variables at the significance level 0.05, accounting a 2% of the variance perceived customer success due to the reliability of the IT-based and customer desk services provided by the bank. The correlation analysis for these variables showsa positive coefficient (r=.13). The slope (b=.35) and one tailed t-test statistics (t=2.76), 0.003) also indicates that there is a positive and significant relationship between the two variables. Hence second hypothesis isaccepted.

Table 4.5.2. Simple Regression analysis for H2 Reliability -Customer Satisfaction

ANOVA(b)	Df	SS	MS	F	R^2
Regression	1	9.56	9.56	14.55	.03
Residual	120	288.30	66		
Variables in the Equation					
Variable	B	Beta	T	Sig t	
	.14	.18	3.82	<0.001	

(n=120) p <_ .05

4.5.3 Result of Third Hypothesis

H03: Responsiveness of Customer desk has a positive effect on customer satisfaction

Simple regression analysis Table 4.5.3 is run to determine whether the responsiveness of IT-based services and the counter desk services of the Islamic bank has a an effect on customer satisfaction.. The result of regression analysis reveals that, there is a positive relationship between these two variables at the significance level 0.05, accounting a 10% of the variance of perceived customer success due to the responsiveness of the IT-based and customer desk services provided by the bank. The correlation analysis for these variables shows a positive coefficient (r =.32). The slope (b=.37) and one tailed t-test statistics (t=7.07), <0.001) also indicates that there is a positive and significant relationship between the two variables and hence, the third hypothesis is supported for this study.

Table 4.5.3 Simple Regression analysis for H3 Responsiveness - Customer Satisfaction

ANOVA(b)	Df	SS	MS	F	R^2
Regression	1	29..61	29.61	50.03	.10
Residual	120	261.01	.59		
Variables in the Equation					
Variable	B	Beta	T	Sig t	
	.37	.32	7.07	<0.001	

(n=120) p <_ .05

4.5.4. Result of Fourth Hypothesis

H4: Assurance of SERVQUALs, Islamic banking & customer desk has a positive effect on customer satisfaction

Simple regression analysis Table 4.5.4 is run to determine whether the assurance of IT based services and the counter desk services of the bank has a an effect on customer satisfaction. The result of regression analysis reveals that, there is a positive relationship between these two variables at the significance level 0.05, accounting a 22% of the variance of perceived customer success due to the assurance of the IT-based and customer desk services provided by the bank. The correlation analysis for these variables shows a positive coefficient (r =.47). The slope (b=.14) and one tailed t-test statistics (t=11.10), <0.001) also indicates that there is a positive and significant relationship between the two variables. The fourth hypothesis is supported..

Table 4.5.4. Simple Regression analysis for H4 Assurance -Customer Satisfaction

ANOVA(b)	Df	SS	MS	F	R^2
Regression	1	9.15	9.15	124.24	.22
Residual	120	31.22	..07		
Variables in the Equation					
Variable	B	Beta	T	Sig t	
	.14	..47	11.10	<0.001	

(n=120) p <_ .05

4.5.5. Result of Fifth Hypothesis

H5: empathy of customer desk has a positive effect on customer satisfaction

Simple regression analysis Table 4.5.5 is run to determine whether the empathy of counter desk services of the bank has a an effect on customer satisfaction. This proposition would not hold true for the IT-based services, since empathy is related to human and personal interaction. The result of regression analysis reveals that, there is a positive relationship between these two variables at the significance level 0.05, accounting a 12% of the variance of perceived customer success due to the reliability of the IT-based and customer desk services provided by the bank . The correlation analysis for these variables shows a positive coefficient (r=.35). The slope (b=.14) and one tailed t-test statistics (t=7.67), <0.001) also indicates that there is a positive and significant relationship between the two variables and hence our last hypothesis is also supported for this study.

Table 4.5.5 Simple Regression analysis for H5 Empathy - Customer Satisfaction

ANOVA(b)	Df	SS	MS	F	R^2
Regression	1	4.90	4.90	58.87	.12
Regression	1	4.90	4.90	58.87	.12
Residual	120	35.22	..08		
Variables in the Equation					
Variable	B	Beta	T	Sig t	
	.15	.35	7.67	<0.001	

(n=120) p <_ .05

4.6 Summary

This chapter discuss the findings on the hypotheses tested in this study, using simple bivariate regression analysis. The results of the hypothesis regression analyses indicate that all the five hypotheses tested are supported. There is a positive effect and significant relationship between service quality and customer satisfaction The direct positive significance influence of hypotheses confirms the influence of service quality on customer satisfaction of Islamic Bank in Tripoli of Libya.

CHAPTER 5

DISCUSSIONS, CONCLUSSIONS AND RECOMMENDATIONS

The final chapter of this study discusses the findings that have been presented in chapter four. First the demographic profiles of the participating respondent are reviewed briefly, and then the result of simple regression analysis for the all five hypotheses, that were tested in this study are examined briefly. From these results, implications for future research are .put forward.

5.1 Complexity of Respondents in the Study

The ages of the respondents range from 18 to 56 and above. 27% are between the ages of 18-22, followed by 25% between 46-55. This age profile of the respondents indicates that the customers who are young, showed their interest in Islamic banking service offered in the. According to Gibson (1995), younger group of population is always eager to use new technologies and they enjoy the quality of life and wish to obtain the benefits, which a bank offer to them through different service delivery channels.

The 61.7% of the respondent are females while 38.3 % are male customers Most of the participating respondents in this survey of about 49.2 % have degree level education. This shows that education level also influences customers to use new technology for obtaining greater satisfaction using Islamic based service delivery systems (SDSs). However the 23.3% of the respondent do not have formal qualification but still obtain the benefits and perceived service quality and the satisfaction from the multiple service delivery systems in the Islamic bank. This

fact shows that the bank under investigation has created awareness of these kind of multi channel service delivery systems for all customers, who may not know or do not have prior knowledge of using these Islamic service delivery system. 65.7% of the respondent have been banking with the bank for the last 2-5 years; however 25% shows their banking 0-1 years of being the bank's customers, indicating that these customers are new customers to the bank. The ethnic origin information shows that the Islamic bank has a diversified set of customers implying that, the bank does not target any specific segmentation in term of ethnic origin. However the interesting finding in this study is that around 20% respondent are internationals constituting a substantial sample of overall respondents also use this technology-based services as well as customer desk counter for their banking transactions.

5.2 Discussions

It has been suggested by researchers that after the launch of a new innovation it is important to evaluate how the innovation has been diffused and what kind of value the new innovation adds to users (e.g. Rogers, 1995; Liao and Cheung, 2002). The felicity of an innovation can be measured by the volume of use, looking at the effects the innovation has on organizations or by measuring user satisfaction (Delone and McLean, 1992; Doll and Torkzadeh, 1988; Leino, 2001). In this study we usecustomer satisfaction measurement to better understand the felicity of this innovation in term of Islamic systems in banking sector. Customer satisfaction is in this study investigated in the light of customer obtain benefits using Islamic multichannel service delivery systems along with conventional branch counter service provided by the Islamic bank.

We develop five hypothesis and all of the hypothesis are tested to examine if customers perceived service quality on five service quality dimensions (tangibility, reliability, responsiveness, assurance, and empathy) are positively affected to the customer satisfaction.

The results of all the five hypotheses show that the Islamic based and desk/counter based services in the Tripoli Islamic bank has a strong and significant relationships with customer satisfaction. However since empathy is more relevant to personal interaction among employees and the customer, this hypothesis was tested on the customer/branch based services, with result again showing a positive effect on customer satisfaction.

5.3 Conclusions

This present study develops and tests an instrument measuring service quality in one of the Islamic banks in Libya at Tripoli Branch. . The instrument included 24 items that belongs to the five dimensions of service quality. Factor analysis resulted in all five dimensions namely tangibility, reliability, responsiveness, assurance and empathy. The five dimensions were tested reliable and valid. The fact that the dimensions found are different from the original service quality dimensions adds to service quality dimensionality problems that are listed in the literature. It also supports the suggestions made by Babakus and Boller (1992) and Cronin and Taylor (1992) that the dimensions of service quality may depend on the type of industry being studied.

The combination of reliability and assurance appears to be natural given the conceptual similarities between the two dimensions. The combination of the empathy and responsiveness can also be explained by the conceptual similarities between these dimensions. In fact the overlap between the dimensions of service quality has been recognized by Parasuraman et al (1991).

5.4 Limitation and Further Research

Limitations and further research are summarized as follows:

1. This study focuses on only one branch, which operates in Tripoli, Libya. Finding of this such investigation may require larger sample size and various banks and its branches to generalize the Islamic study.
2. The study does not address the impact of separate Islamic based and branch based service delivery system on the customer satisfaction, that is it es does not address that how internet, service quality, Phone/SMS or web site along with branch based service delivery channels impact or affect separately customer satisfaction.
3. This study also does not address the issue of combined effect of the five dimension of service quality on customer satisfaction
4. A further research should open the door for new and may be advanced research study to address the issues mentioned above.

REFERENCES

Abdullah, K., (1999). National security and Malay unity: The issue of radical religious elements in Malaysia. *Contemporary Southeast Asia*, August, 2(2), 261.

Abdullah, M., A. (1999). *Islamic Economics: Theory and Practice*. Hodder and Stoughton, UK.

Abu-Sulayman, A.H. *(*1994) *Crisis in the Muslim Mind.* Herndon, US: International Institute of IslamicThought

Acquaviva, S.S. (1979). T*he Decline of the Sacred in Industrial Society.* Basil Blackwell, Oxford, (Translated by P. Lipscomb).

AlHashim, D.D. and J.Arpan. (1992). International dimensions of accounting, PWS-Kent Publising Co., Boston, USA.

Al-Faruqi, I.R. (1992) *Tawhid: Its Implications for Thought and Life.* Herndon, US: International Institute of Islamic Thought.

Ariff, M. (1988). Islamic Banking. *Asian-Pacific Economic Literature*, 2(2), 48-64.

Argyle, M. and B. Beit-Hallahmi. (1975). *The Social Psychology of Religion*. Routledge and Kegan Paul, London and Boston.

Askary, S. and Clarke, F. (1997). Accounting in the Koranic Verses, Proceedings of International Conference, '*The Vehicle for Exploring and Implementing Shariah Islamiah in Accounting, Commerce and Finance'*. University of Western Sydney: Macarthur.

Askary, F. (2001). *Society and the Sacred.* Crossroad, New York

Askary, S. 2004. *The Influence of Islamic Culture on the Accounting Values andPractices of Muslim Countries*. Ph.D Thesis, the University of Newcastle, Newcastle, Australia.

Al-Hawari. M, and Ward. T. (2006). The effect of automated service quality on Australian banks' financials performance and the mediating role of customer satisfaction *Marketing Inteligence & Planning.* Vol. 24, No. 2, pp. 127-147

Arasli, H, Katirciouglu, S. T, and Smadi, S.M. (2005). A comparison of service quality in the banking industry. *International Journal of Bank Marketing,* Vol 23, No.7, pp. 508 – 526.

Arasli, H, Smadi, S.M, and Katirciouglu, S. T, (2005). Customer service quality in the Greek Cypriot banking industry *Managing Service Quality.* Vol. 15, No.1, pp. 41-56.

Athanassopoulos, A., Gounaris, S. and Stathakopoulos, V. (2000). Behavioural responses to customer satisfaction: An empirical study. *European Journal of Marketing*, Vol. 35, No. 5/6, pp. 687-707.

Babbie. W., J. (1998). *Accounting and Management: Field Study Perspectives*. Boston, Harvard Business School Press.

Baydoun, N. and R. Willett. (1994). Islamic Accounting Theory. *Proceeding of AAANZ Annual Conference*, Sydney, Australia.

Baydoun, N. and Willert, R. (1995). Cultural relevance of western accounting systems to developing countries. *Abacus*, 31(1), March, 67-92.

Baydoun, N. and R. Willett. (2000). Islamic Corporate Reports. *Abacus,* 36(1), 71-90.

Belkaoui A., *International and Multinational Accounting*, (London, Dryden Press, 1992).

Bloom R. and Naciri M.AAccounting standard setting and culture: A comparative analysis of United States, Canada, England, West Germany, Australia, New Zealand, Sweden, Japan and Switzerland, *International Journal of Accounting Education and Research*, (Vol 24, 1989, 72)

Briston, RJ. (1978) The evolution of accounting in developing countries. *International Journal of ccounting Education and Research*, 14(1): 105-20

Cavana, V., Delahaye, M., & Sekaran, U. (2000). Accounting and corporate accountability. *Accounting, Organisations and Society*, 7(2), 87-105.

Clark, W.H. (1958). *The Psychology of Religion*, The MacMillan Company, New York.

Cohen, J. (1988). *Applied multiple regression/correlation analysis for the behavioral sciences*. Erlbaum: New Jersey.

Chu, R. (2002). Stated-importance versus derived-importance customer satisfaction measurement. *Journal of Service Marketing*, Vol. 16, No. 4, pp. 285-301.

Edgett. S, and Snow. K. (1997). Benchmarking measures of customer satisfaction, quality and performance for new financial service products. *Journal of Product & Brand Management.* Vol. 6, No. 4, pp. 250-259.

Faruqi, I. (1978). Islam and Other Faiths. In A. Gauhar (Ed.), *The Challenge of Islam*, Islamic Council of Europe, London.

Faruqi, I. (1989). *Toward a Critical World Theology*. Toward Islamization of Knowledge (Series No.6) International Institute of Islamic Thought, Herndon, Virginia, USA.

Fecikova, I. (2004Research and concepts: An index method for measurement of customer satisfaction. *The TQM Magazine*, Vol. 16, No. 1, pp. 57-66.

Gambing, T.E. and Karim, R.A.A. (1986). Islam and social accounting. *Journal of Business Finance & Accounting.* 13(1) Spring, 39-50.

Gambling, T. and R.A.A. Karim. (1991). *Business and Accounting Ethics in Islam*. Mansell, London.

Geertz, C. (1973). *Religion as a Cultural System*. Basic Books, New York.

Gary,S.J. (1988). Towards a theory of cultural influence on the development of accounting system internationally. *Abacus*, 24(1), 12-17.

Gerhady, P.G. (1990). An evaluation of the role of culture in the development of accounting principles in West Germany. *Accounting and Finance Research Paper* 90/2, The Flinders University of South Australia.

Gilkey, L. (1981). *Society and the Sacred*. Crossroad, New York

Hamid,S.F., Craig, R. and Clarke, F. (1993). Religion: A confounding cultural element in the International harmonization of accounting?, *Abacus*, 29(2), 131-148.

Hamzah Ismail and Radziah Abdul Latiff (2001). *Survey & Analysis of financial reporting of Islamic Banks Worldwide*. Kuala Lumpur: Malaysian Accountancy Research and Education Foundation.

Hair et al. (2006). Multivariate Data Analysis. Edition 6. Publisher: Prentice Hall.

Hassan, M.K. (1995). Worldview Orientation and Ethics: A Muslim Perspective. *Proceedings International Conference on Development, Ethics and Environment*, Kuala Lumpur.

Haniffa, R. (2002). Social reporting disclosure: An Islamic perspective. *Indonesian Management & Accounting Research,* 1(2), 128-146.

Haniffa, Ros. (2000). *Culture, Corporate Governance and disclosure in Malaysian Corporations.*

Hallowell, R. (1996). The relationship of customer satisfaction, customer loyalty, and profitability: An empirical study/ *International Journal of Service Industry Management*, Vol. 7, No. 4, pp. 27-42.

Hansemark, O.C. and Albinson, M. (2004). Customer satisfaction and retention: The experiences of individual employees. *Managing Service Quality.* Vol. 14. No. 1. 40-57.

Host, V. and Andersen, M.K. (2004). Modeling customer satisfaction in mortgage credit companies. *The International Journal of Bank Marketing.* Vol. 22. No. 1. 26-42.

Ismali, I. et. al., (2006). Service quality, client satisfaction and loyalty towards audit firms *Managerial Auditing Journal.* Vol. 2. No. 738-756.

Ijiri, Y. (1983). On the accountability based conceptual framework of accounting. *Journal of Accounting and Public Policy.* 2, 75-81.

Islam, M. and Gowing, M. (2003). Some empirical evidence of Chinese accounting system and business management practices from an ethical perspective. *Journal of Business Ethics.* 42. 353-378.

Simons Jr. J.V. (2004). Reliability-based analysis of service recovery. *International Journal of Quality & Reliability Management. Vol. 2. No. 1. 1-31.*

Jamal, A. and Naser, K. (2002). Customer satisfaction and retail banking: An assessment of some of the key antecedents of customer satisfaction in retail banking. *International Journal of Bank Marketing,* Vol. 20, No. 4. 146-160.

Karim, R.A.A. (1995). The nature and rationale of a conceptual framework for financial reporting by Islamic Banks. *Accounting and Business Research.* Autumn. 25(100). 285-300.

Karim, R.A.A. (1990). Standard setting for the financial reporting of religious business organizations: The case of Islamic banks. *Accounting and Business Research.* 20 (80). 299-305.

Kroeber, H., & Kluckhohn, S. (1952). *Strategic Cost Management: The New Tool for Competitive Advantage.* New York, Free Press.

Lassar. W. M, Manolis. C, and Winsor. R. D. (2000). Service quality perspective and satisfaction in private banking. *Journal of Service Marketing.* Vol. 14.No. 3. 244-271.

Leverin, A. and Liljander, V. (2006). Does relationship marketing improve customer relationship satisfaction and loyalty? *International Journal of Bank Marketing.* Vol. 24. No. 4. 232-251.

Levesque, T. and McDougall, G.H.G. (1996). Determinants of customer satisfaction in retail banking. *International Journal of Bank Marketing.* Vol. 14. No.7. 12-20.

Lewis, M.K. (2001). *Islam and accounting.* USA: Blackwell Publishers Ltd.

Overman, S. (1994). Good Faith is the answer. *HRMagazine*. 39(1). 74-76.

Molina, A., Martin, D. and Esteban, A. (2007) Relational benefits and customer satisfaction in retail banking. *International Journal of Bank Marketing*. Vol. 25. No. 4. 253-271.

Moutinho, L. and Smith, A. (2000). Modelling bank customer satisfaction through mediation of attitudes towards human and automated banking. *International Journal of Bank Marketing*. Vol. 18. No. 3. 124-134.

Naser, K., Jamal, A. and Al-Khatib, K. (1999). Islamic banking: A study of customer satisfaction and preferences in Jordan. *International Journal of Bank Marketing*. Vol. 17. No. 3. 135-50.

Newman, K. (2001). Interrogating SERVQUAL: A critical assessment of service quality measurement in a high street retail bank *International Journal of Marketing*. 19/3. 126-139.

Parasuraman, A., V. A. Z., Leonard L. Berry. (1994). Alternative scales for measuring service quality: a comparative assessment based on psychometric and diagnostic criteria. *Journal of Retailing, 70*(3), 201-230.

Parasuraman A., V. A. Z., and Berry, L.L. (1988). SERVQUAL: A multi-item scale for measuring consumer perceptions of service quality. *Journal of Retailing. 64*(1). 12-40.

Parasuraman A., V. A. Z., and Berry, L.L. (1985). A conceptual model of service quality and its implications for future research. *Journal of Marketing. 49*(Fall). 41-50.

Petridou, E., et. al., (2007). Bank service quality: Empirical evidence from Greek and Bulgarian retail customers. *International Journal of Quality & Reliability Management. Vol. 24 No. 6. 568-585*

Piercy, N.F. (1996The effects of customer satisfaction measurement: The internal market versus the external market. *Marketing Intelligence & Planning*, Vol. 14, No. 4, pp. 9-15.

Perera, M.H.B. (1989a). Towards a framework to analyze the impact of culture on accounting, *International Journal of Accounting*. 24, 42-56.

Palau, S.L. (2001). Ethical evaluation, intentions and orientations of accountants: Evidence from a cross-cultural examination. *International Advance in Economic Research*. August, 7(3). 351-364.

Perera, M.H.B. (1989b). Accounting in developing countries: A case for localized uniformity. *British Accounting Review*. June. 141-157.

Roy, L., H. (1991). *International Accounting and Multinational Enterprises.* John Wiley, New York.

Sachdev. S. B and Verma. H. V. (2004). Relative importance of service quality dimensions: a multisectoral study. *Journal of Service Research, Vol 4, number 1 (April-September 2004)*

Spatis. C. et. al., (2004). Managing service quality in banks: Customer gender effect *Managing service quality, Volume 14-number , pp 90-102*

Srijumpa, R, Chiarakul, T. and Speece, M. (2007). Satisfaction and dissatisfaction in service encounters: Retail stockbrokerage and corporate banking in Thailand. *International Journal of Bank Marketing*, Vol. 25, No. 3, pp. 173-194.

Stafford. M. R, Stafford. T. F, and Wells. B. P. (1998). Determinants of service quality and satisfaction in the auto casualty claims process. *The Journal of Service Marketing.* Vol. 12. No. 6. 426-440.

Sekaran, U. (2003). *Research Methods for Business*: A skills building approach. 2nd Edition, New York: John Wiley & Sons Inc.

Seymour-Smith, C. (1986). *Macmillan Dictionary of Anthropology.* Macmillan Press Limited, Great Britain.

Shahul, Z. (2000). *The Future of Muslim Civilisation.* Mansell Publishing Limited. London and New York.

Shahul Hameed Mohamed Ibrahim (2001). Islamic Accounting - Accounting for the New Millennium? *Paper presented at IIUM Asian Pacific Accounting Conference 1: Accounting in the New Millennium.* 10-12 October. Malaysia.

Shraddha Verma and Sidney. (1986). The impact of culture on accounting development and change.

Siddiqi, M.N. (1972) "*The Economic Enterprise in Islam*", Lahore: Islamic Publications.

Soeters, J., & Schreuder, H. (1988). The interaction between national and organizational cultures in accounting firms. *Accounting, Organizations and Society.* 13. 75-85.

Spiro, M.E. and R.G. D'Andrade. (1958). A cross cultural study of some supernatural beliefs. American Anthropologist. 60. 456-66.

Tay, J.S.M. and Parker, R.H. (1990). Measuring international harmonization and standardization. *Abacus.* 26(1). 71-88.

Tayeb, M. (1997). Islamic revival in Asia and human resources management. Employee Relations. 19(4). 352-364.

Tylor, E.B. (1929). *Primitive Culture*. Murray, London.

Vukmir, R.B. (2006). Customer satisfaction. *International Journal of Health Care Quality Assurance*, Vol. 19. No. 1. 8-31.

Violet, W.J. (1983). The Development of international accounting standards: An anthropological perspective. *The international journal of accounting*, Spring, 1-12.

Weber, M. (1985). *The Protestant Ethic and the Spirit of Capitalism*. Unwin Paperbacks, London

Willett, Roger. (2002). *An Empirical Assessment of Gray's Accounting Value Constructs.* Working Paper No. 2002-003.

Wirtz, J. and Bateson, J.E.G. (1999). Introducing uncertain performance expectations in satisfaction models for services. *International Journal ofService Industry Management*, Vol. 10. No. 1. 82-99.

QUESTIONNAIRE

Questionnaire

Section A: Service Quality of Islamic Bank

I would like to find out your expectation of service rendered by Islamic Bank. Please tick (/) in the relevant box, according to your level of satisfaction.

	Tangibles (Appearance of physical facilities, equipment, personal and written materials)	Very Dissatisfied (1)	Somewhat Dissatisfied (2)	Somewhat Satisfied (3)	Very Satisfied (4)
1.	Islamic Bank has up-to-date equipment and technology.	☐	☐	☐	☐
2.	Islamic Bank's physical facilities should be visually appealing.	☐	☐	☐	☐
3.	Islamic Bank's frontline personnel are well dressed and appear neat.	☐	☐	☐	☐
4.	The appearance of the physical facilities of Islamic Bank is in keeping with the type of service provided.	☐	☐	☐	☐

	Reliability (Ability to perform the promised service dependably and accurately)	Very Dissatisfied (1)	Somewhat Dissatisfied (2)	Somewhat Satisfied (3)	Very Satisfied (4)
1.	When frontline personnel of Islamic Bank promise to deliver something within a certain time, he will do so.	☐	☐	☐	☐
2.	When you have problems, personnel of Islamic Bank are sympathetic and reassuring.	☐	☐	☐	☐
3.	Personnel of Islamic Bank is dependable.	☐	☐	☐	☐
4.	Islamic Bank provides its services at time it promises to do so.	☐	☐	☐	☐
5.	Islamic Bank keeps its records accurately.	☐	☐	☐	☐

	Responsiveness (Willing to help customers and provide prompt service)	Very Dissatisfied (1)	Somewhat Dissatisfied (2)	Somewhat Satisfied (3)	Very Satisfied (4)
1.	Islamic Bank will tell customers when services will be performed.	☐	☐	☐	☐
2.	Islamic Bank will give prompt service to customers.	☐	☐	☐	☐
3.	Islamic Bank will be willing to provide solutions to customer problems.	☐	☐	☐	☐
4.	Islamic Bank will be available to respond to customers' requests promptly.	☐	☐	☐	☐
	Assurance (Employees' knowledge and courtesy and their ability to Inspire trust and confidence)	Very Dissatisfied (1)	Somewhat Dissatisfied (2)	Somewhat Satisfied (3)	Very Satisfied (4)
1.	You can trust the Islamic Bank.	☐	☐	☐	☐
2.	You can feel safe in your transactions with Islamic Bank's.	☐	☐	☐	☐

	Islamic Bank are polite.	☐	☐	☐	☐
3.		☐	☐	☐	☐
	Islamic Bank do their job well.				
4.					
	Empathy (Caring, individualized attention is given to customers)	Very Dissatisfied (1)	Somewhat Dissatisfied (2)	Somewhat Satisfied (3)	Very Satisfied (4)
1.	Islamic Bank does not give you individual attention.	☐	☐	☐	☐
2.	Islamic Bank do not give you personal attention.	☐	☐	☐	☐
3.	Islamic Bank do not know what your needs are.	☐	☐	☐	☐
4.	Islamic Bank does not have your best interests at heart.	☐	☐	☐	☐
5.	Islamic Bank does not have operating hours convenient for all their customers.	☐	☐	☐	☐

Section B: Perception

I would like to find out how satisfied or dissatisfied you are with the performance of Islamic Bank. Please tick (/) in the relevant box, according to your level of satisfaction.

	Tangibles (Appearance of physical facilities, equipment, personal and written materials)	Very Dissatisfied (1)	Somewhat Dissatisfied (2)	Somewhat Satisfied (3)	Very Satisfied (4)
1.	Islamic Bank has up-to-date equipment and technology.	☐	☐	☐	☐
2.	Islamic Bank's physical facilities should be visually appealing.	☐	☐	☐	☐
3.	Islamic Bank's frontline personnel are well dressed and appear neat.	☐	☐	☐	☐
4.	The appearance of the physical facilities of Islamic Bank is in keeping with the type of service provided.	☐	☐	☐	☐
	Reliability (Ability to perform the promised service dependably	Very Dissatisfied (1)	Somewhat Dissatisfied	Somewhat Satisfied (3)	Very Satisfied (4)

	and accurately)		(2)		
1.	When frontline personnel of Islamic Bank promises to deliver something within a certain time, he will do so.	☐	☐	☐	☐
2.	When you have problems, frontline personnel of Islamic Bank is sympathetic and reassuring.	☐	☐	☐	☐
3.	Frontline personnel of Islamic Bank are dependable.	☐	☐	☐	☐
4.	Frontline personnel of Islamic Bank provides its services at time it promises to do so.	☐	☐	☐	☐
5.	Frontline personnel of Islamic Bank keeps its records accurately.	☐	☐	☐	☐

	Responsiveness (Willing to help customers and provide prompt service)	Very Dissatisfied (1)	Somewhat Dissatisfied (2)	Somewhat Satisfied (3)	Very Satisfied (4)
1.	Frontline personnel of Islamic Bank will tell customers when services will be performed.	☐	☐	☐	☐
2.	Frontline personnel of Islamic Bank will give prompt service to customers.	☐	☐	☐	☐
3.	Frontline personnel of Islamic Bank will be willing to provide solutions to customer problems.	☐	☐	☐	☐
4.	Frontline personnel of Islamic Bank will be available to respond to customers' requests promptly.	☐	☐	☐	☐
	Assurance (Employees' knowledge and courtesy and their ability to	Very Dissatisfied (1)	Somewhat Dissatisfied (2)	Somewhat Satisfied (3)	Very Satisfied (4)

	Inspire trust and confidence)				
1.	You can trust the frontline personnel of C Islamic Bank.	☐	☐	☐	☐
2.	You can feel safe in your transactions with Islamic Bank's frontline personnel.	☐	☐	☐	☐
3.	Frontline personnel of Islamic Bank are polite.	☐	☐	☐	☐
4.	Frontline personnel get adequate support from Islamic Bank to do their job well.				
	Empathy (Caring, individualized attention is given to customers)	Very Dissatisfied (1)	Somewhat Dissatisfied (2)	Somewhat Satisfied (3)	Very Satisfied (4)
1.	Frontline personnel of Islamic Bank does not give you individual attention.	☐	☐	☐	☐
2.	Frontline personnel of Islamic Bank do not give you personal attention.	☐	☐	☐	☐

3.	Frontline personnel of Islamic Bank do not know what your needs are.	☐	☐	☐	☐
4.	Frontline personnel of Islamic Bank does not have your best interests at heart.	☐	☐	☐	☐
5.	Islamic Bank does not have operating hours convenient for all their customers.	☐	☐	☐	☐

APPENDIX

RESULTS OF STATISTICAL DATA ANALYSIS

Reliability of Reliability Variable

Case Processing Summary

		N	%
Cases	Valid	120	100.0
	Excluded[a]	0	.0
	Total	120	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.848	5

Item Statistics

	Mean	Std. Deviation	N
Reliability1	3.90	.920	120
Reliability2	4.05	.684	120
Reliability3	3.90	.947	120
Reliability4	3.90	.738	120
Reliability5	4.09	.820	120

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Reliability1	15.94	6.829	.623	.829
Reliability2	15.79	7.729	.651	.823
Reliability3	15.94	6.190	.760	.788
Reliability4	15.94	7.417	.674	.815
Reliability5	15.75	7.282	.614	.828

Reliability of Responsiveness

Case Processing Summary

		N	%
Cases	Valid	120	100.0
	Excluded[a]	0	.0
	Total	120	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.822	4

Item Statistics

	Mean	Std. Deviation	N
Respons1	3.75	.748	120
Respons2	4.07	.817	120
Respons3	3.97	.697	120
Respons4	3.81	.781	120

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Respons1	11.84	3.748	.605	.794
Respons2	11.53	3.226	.737	.730
Respons3	11.63	3.917	.600	.797
Respons4	11.78	3.549	.645	.776

Reliability of Assurance

Case Processing Summary

		N	%
Cases	Valid	120	100.0
	Excluded[a]	0	.0
	Total	120	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.769	4

Item Statistics

	Mean	Std. Deviation	N
Assurance1	3.78	.871	120
Assurance2	3.92	.616	120
Assurance3	3.81	.843	120
Assurance4	3.83	.806	120

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Assurance1	11.55	3.376	.553	.727
Assurance2	11.42	4.211	.520	.745
Assurance3	11.52	3.394	.579	.710
Assurance4	11.51	3.328	.655	.666

Reliability of Empathy

Case Processing Summary

		N	%
Cases	Valid	120	100.0
	Excluded[a]	0	.0
	Total	120	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.763	5

Item Statistics

	Mean	Std. Deviation	N
Emphaty1	3.76	.648	120
Emphaty2	3.83	.781	120
Emphaty3	3.90	.782	120
Emphaty4	3.67	.863	120
Emphaty5	3.90	.703	120

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Emphaty1	15.30	5.203	.601	.703
Emphaty2	15.23	5.134	.467	.743
Emphaty3	15.16	4.739	.602	.695
Emphaty4	15.39	4.560	.568	.709
Emphaty5	15.16	5.445	.445	.749

Reliability of Tangibles

Case Processing Summary

		N	%
Cases	Valid	120	100.0
	Excluded[a]	0	.0
	Total	120	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.794	4

Item Statistics

	Mean	Std. Deviation	N
Tangibles1	3.88	.940	120
Tangibles2	4.17	.813	120
Tangibles3	3.78	.783	120
Tangibles4	4.23	.985	120

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Tangibles1	12.18	4.633	.547	.773
Tangibles2	11.88	4.860	.616	.739
Tangibles3	12.28	4.957	.619	.739
Tangibles4	11.82	4.134	.655	.717

Reliability Customer Satisfaction

Case Processing Summary

		N	%
Cases	Valid	120	100.0
	Excluded[a]	0	.0
	Total	120	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.784	5

Item Statistics

	Mean	Std. Deviation	N
CustSatis1	4.23	.985	120
CustSatis2	3.66	.825	120
CustSatis3	3.79	.934	120
CustSatis4	3.88	.805	120
CustSatis5	4.02	.987	120

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
CustSatis1	15.34	7.319	.531	.755
CustSatis2	15.92	7.859	.558	.745
CustSatis3	15.78	7.583	.518	.758
CustSatis4	15.70	7.775	.601	.734
CustSatis5	15.56	6.971	.609	.727

Factor Analysis of Reliability

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.858
Bartlett's Test of Sphericity	Approx. Chi-Square	235.994
	df	10
	Sig.	.000

Communalities

	Initial	Extraction
Reliability1	1.000	.579
Reliability2	1.000	.612
Reliability3	1.000	.752
Reliability4	1.000	.643
Reliability5	1.000	.564

Extraction Method: Principal Component Analysis.

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.148	62.961	62.961	3.148	62.961	62.961
2	.566	11.313	74.274			
3	.504	10.083	84.357			
4	.469	9.373	93.729			
5	.314	6.271	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
Reliability1	.761
Reliability2	.782
Reliability3	.867
Reliability4	.802
Reliability5	.751

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Factor Analysis of Responsiveness

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.761
Bartlett's Test of Sphericity	Approx. Chi-Square	171.121
	df	6
	Sig.	.000

Communalities

	Initial	Extraction
Respons1	1.000	.604
Respons2	1.000	.756
Respons3	1.000	.596
Respons4	1.000	.654

Extraction Method: Principal Component Analysis.

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.610	65.241	65.241	2.610	65.241	65.241
2	.583	14.583	79.824			
3	.508	12.707	92.531			
4	.299	7.469	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
Respons1	.777
Respons2	.869
Respons3	.772
Respons4	.809

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Factor Analysis of Assurance

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.739
Bartlett's Test of Sphericity	Approx. Chi-Square	125.704
	df	6
	Sig.	.000

Communalities

	Initial	Extraction
Assurance1	1.000	.571
Assurance2	1.000	.524
Assurance3	1.000	.597
Assurance4	1.000	.693

Extraction Method: Principal Component Analysis.

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.384	59.601	59.601	2.384	59.601	59.601
2	.686	17.156	76.757			
3	.552	13.812	90.569			
4	.377	9.431	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
Assurance1	.755
Assurance2	.724
Assurance3	.772
Assurance4	.832

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Factor Analysis of Emphaty

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.755
Bartlett's Test of Sphericity	Approx.,Chi-Square	145.703
	df	10
	Sig.	.000

Communalities

	Initial	Extraction
Emphaty1	1.000	.604
Emphaty2	1.000	.424
Emphaty3	1.000	.618
Emphaty4	1.000	.564
Emphaty5	1.000	.391

Extraction Method: Principal Component Analysis.

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.600	52.008	52.008	2.600	52.008	52.008
2	.768	15.366	67.374			
3	.733	14.664	82.038			
4	.528	10.554	92.592			
5	.370	7.408	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
Emphaty1	.777
Emphaty2	.651
Emphaty3	.786
Emphaty4	.751
Emphaty5	.625

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Factor Analysis of Tangibles

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.779
Bartlett's Test of Sphericity	Approx. Chi-Square	140.289
	df	6
	Sig.	.000

Communalities

	Initial	Extraction
Tangibles1	1.000	.537
Tangibles2	1.000	.638
Tangibles3	1.000	.642
Tangibles4	1.000	.676

Extraction Method: Principal Component Analysis.

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.494	62.350	62.350	2.494	62.350	62.350
2	.627	15.679	78.029			
3	.465	11.632	89.661			
4	.414	10.339	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
Tangibles1	.733
Tangibles2	.799
Tangibles3	.801
Tangibles4	.822

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Factor Analysis of Customer Satisfactions

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.735
Bartlett's Test of Sphericity	Approx. Chi-Square	166.006
	df	10
	Sig.	.000

Communalities

	Initial	Extraction
CustSatis1	1.000	.491
CustSatis2	1.000	.531
CustSatis3	1.000	.490
CustSatis4	1.000	.587
CustSatis5	1.000	.606

Extraction Method: Principal Component Analysis.

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.706	54.116	54.116	2.706	54.116	54.116
2	.799	15.989	70.105			
3	.620	12.393	82.498			
4	.547	10.943	93.441			
5	.328	6.559	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
CustSatis1	.701
CustSatis2	.729
CustSatis3	.700
CustSatis4	.766
CustSatis5	.778

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Correlations Among Variables

Descriptive Statistics

	Mean	Std. Deviation	N
Reliability	3.9683	.65337	120
Responsiveness	3.8979	.61536	120
Assurance	3.8333	.60749	120
Emphaty	3.8117	.54406	120
Tangibles	4.0125	.69501	120
CustSatisfaction	3.9150	.66694	120

Correlations

		Reliability	Responsiveness	Assurance	Emphaty	Tangibles	Cust Satisfaction
Reliability	Pearson Correlation	1	.581**	.733**	.463**	.688**	.750**
	Sig. (2-tailed)	.	.000	.000	.000	.000	.000
	N	120	120	120	120	120	120
Responsiveness	Pearson Correlation	.581**	1	.655**	.539**	.563**	.675**
	Sig. (2-tailed)	.000	.	.000	.000	.000	.000
	N	120	120	120	120	120	120
Assurance	Pearson Correlation	.733**	.655**	1	.607**	.750**	.720**
	Sig. (2-tailed)	.000	.000	.	.000	.000	.000
	N	120	120	120	120	120	120
Emphaty	Pearson Correlation	.463**	.539**	.607**	1	.549**	.534**
	Sig. (2-tailed)	.000	.000	.000	.	.000	.000
	N	120	120	120	120	120	120
Tangibles	Pearson Correlation	.688**	.563**	.750**	.549**	1	.706**
	Sig. (2-tailed)	.000	.000	.000	.000	.	.000
	N	120	120	120	120	120	120
CustSatisfaction	Pearson Correlation	.750**	.675**	.720**	.534**	.706**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.
	N	120	120	120	120	120	120

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

Regression between Reliability and Customer Satisfaction

Descriptive Statistics

	Mean	Std. Deviation	N
CustSatisfaction	3.9150	.66694	120
Reliability	3.9683	.65337	120

Correlations

		Cust Satisfaction	Reliability
Pearson Correlation	CustSatisfaction	1.000	.750
	Reliability	.750	1.000
Sig. (1-tailed)	CustSatisfaction	.	.000
	Reliability	.000	.
N	CustSatisfaction	120	120
	Reliability	120	120

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	Reliability[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: CustSatisfaction

Model Summary

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.750[a]	.562	.558	.44322	.562	151.456	1	118	.000

a. Predictors: (Constant), Reliability

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.753	1	29.753	151.456	.000[a]
	Residual	23.180	118	.196		
	Total	52.933	119			

a. Predictors: (Constant), Reliability

b. Dependent Variable: CustSatisfaction

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
(Constant)	.878	.250		3.511	.001					
Reliability	.765	.062	.750	12.307	.000	.750	.750	.750	1.000	1.000

a. Dependent Variable: CustSatisfaction

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	Reliability
1	1	1.987	1.000	.01	.01
	2	.013	12.280	.99	.99

a. Dependent Variable: CustSatisfaction

Regression between Responsiveness and Customer Satisfaction

Descriptive Statistics

	Mean	Std. Deviation	N
CustSatisfaction	3.9150	.66694	120
Responsiveness	3.8979	.61536	120

Correlations

		Cust Satisfaction	Responsiveness
Pearson Correlation	CustSatisfaction	1.000	.675
	Responsiveness	.675	1.000
Sig. (1-tailed)	CustSatisfaction	.	.000
	Responsiveness	.000	.
N	CustSatisfaction	120	120
	Responsiveness	120	120

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	Responsiveness[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: CustSatisfaction

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.675[a]	.455	.451	.49426	.455	98.678	1	118	.000

a. Predictors: (Constant), Responsiveness

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.106	1	24.106	98.678	.000[a]
	Residual	28.827	118	.244		
	Total	52.933	119			

a. Predictors: (Constant), Responsiveness

b. Dependent Variable: CustSatisfaction

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	1.064	.291		3.662	.000					
	Responsiveness	.731	.074	.675	9.934	.000	.675	.675	.675	1.000	1.000

a. Dependent Variable: CustSatisfaction

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	Responsiveness
1	1	1.988	1.000	.01	.01
	2	.012	12.800	.99	.99

a. Dependent Variable: CustSatisfaction

Regression between Assurance and Customer Satisfaction

Descriptive Statistics

	Mean	Std. Deviation	N
CustSatisfaction	3.9150	.66694	120
Assurance	3.8333	.60749	120

Correlations

		Cust Satisfaction	Assurance
Pearson Correlation	CustSatisfaction	1.000	.720
	Assurance	.720	1.000
Sig. (1-tailed)	CustSatisfaction	.	.000
	Assurance	.000	.
N	CustSatisfaction	120	120
	Assurance	120	120

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	Assurance[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: CustSatisfaction

Model Summary

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.720[a]	.518	.514	.46501	.518	126.797	1	118	.000

a. Predictors: (Constant), Assurance

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.418	1	27.418	126.797	.000[a]
	Residual	25.515	118	.216		
	Total	52.933	119			

a. Predictors: (Constant), Assurance

b. Dependent Variable: CustSatisfaction

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	.886	.272		3.254	.001					
	Assurance	.790	.070	.720	11.260	.000	.720	.720	.720	1.000	1.000

a. Dependent Variable: CustSatisfaction

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	Assurance
1	1	1.988	1.000	.01	.01
	2	.012	12.752	.99	.99

a. Dependent Variable: CustSatisfaction

Regression between Empathy and Customer Satisfaction

Descriptive Statistics

	Mean	Std. Deviation	N
CustSatisfaction	3.9150	.66694	120
Emphaty	3.8117	.54406	120

Correlations

		Cust Satisfaction	Emphaty
Pearson Correlation	CustSatisfaction	1.000	.534
	Emphaty	.534	1.000
Sig. (1-tailed)	CustSatisfaction	.	.000
	Emphaty	.000	.
N	CustSatisfaction	120	120
	Emphaty	120	120

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	Emphaty[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: CustSatisfaction

Model Summary

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.534[a]	.285	.279	.56646	.285	46.963	1	118	.000

a. Predictors: (Constant), Emphaty

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.069	1	15.069	46.963	.000[a]
	Residual	37.864	118	.321		
	Total	52.933	119			

a. Predictors: (Constant), Emphaty

b. Dependent Variable: CustSatisfaction

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	1.422	.367		3.869	.000					
	Emphaty	.654	.095	.534	6.853	.000	.534	.534	.534	1.000	1.000

a. Dependent Variable: CustSatisfaction

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	Emphaty
1	1	1.990	1.000	.00	.00
	2	.010	14.141	1.00	1.00

a. Dependent Variable: CustSatisfaction

Regression between Tangibles and Customer Satisfaction

Descriptive Statistics

	Mean	Std. Deviation	N
CustSatisfaction	3.9150	.66694	120
Tangibles	4.0125	.69501	120

Correlations

		Cust Satisfaction	Tangibles
Pearson Correlation	CustSatisfaction	1.000	.706
	Tangibles	.706	1.000
Sig. (1-tailed)	CustSatisfaction	.	.000
	Tangibles	.000	.
N	CustSatisfaction	120	120
	Tangibles	120	120

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	Tangibles[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: CustSatisfaction

Model Summary

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.706[a]	.498	.494	.47452	.498	117.076	1	118	.000

a. Predictors: (Constant), Tangibles

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	26.363	1	26.363	117.076	.000[a]
	Residual	26.570	118	.225		
	Total	52.933	119			

a. Predictors: (Constant), Tangibles

b. Dependent Variable: CustSatisfaction

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	1.198	.255		4.700	.000					
	Tangibles	.677	.063	.706	10.820	.000	.706	.706	.706	1.000	1.000

a. Dependent Variable: CustSatisfaction

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	Tangibles
1	1	1.985	1.000	.01	.01
	2	.015	11.681	.99	.99

a. Dependent Variable: CustSatisfaction