

**THE RELATIONSHIP BETWEEN SERVICE QUALITY AND CUSTOMERS'
SATISFACTION IN ISLAMIC BANKS IN TANZANIA**

BY

FAUZ MOH'D KHAMIS

**Research paper submitted to the
Othman Yeop Abdullah Graduate School of Business
Universiti Utara Malaysia
In Partial of the Requirement for the
Master in Islamic Finance and Banking**

2014

PERMISSION TO USE

In presenting this thesis in partial fulfilment of the requirements for a postgraduate degree from Universiti Utara Malaysia, I agree that University library may make it freely available for inspection. I further agree that permission for copying of this thesis in any manner, in whole or in part, for scholarly purpose may be granted by my supervisor or in his absence, by the Dean of Othman Yeop Abdullah Graduate School of Business. It is understood that copying 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.

Requests for permission to copy or make other use of materials in this thesis, in whole or part should be addressed to:

**Dean of Othman Yeop Abdullah Graduate School of Business,
Universiti Utara Malaysia,
06010 UUM Sintok,
Kedah Darul Aman.**

ABSTRACT

This study was intended to examine the relationship between service quality and customers satisfaction in Tanzania Islamic banks. The study applied six service quality dimensions of CARTER model developed by Othman and Owen, (2001) to achieve the intended objectives. Dar-es-salaam and Zanzibar have been selected as the study areas and three Islamic banks (Amana bank, KCB and PBZ) were selected. The study used convenience sampling to get the questionnaire respondents from selected banks. 384 questionnaires were randomly distributed to customers and a total of 255 questionnaire were able to be collected and used for analysis for this study.

With the help of SPSS version 19, descriptive analysis, correlation analysis and regression analysis have been used in this study in order to meet research objectives. The findings indicate significant relationship between service quality and customers' satisfaction. In addition, service quality found to be significant predictor of customers' satisfaction. However, empathy, compliance and reliability were found to be the only significant predictors of customers' satisfaction compared to other dimensions.

Banks are recommended to improve quality of their services, and provide knowledge to the community about Islamic banking and its products and services. Strong emphasis should be put on those areas that are directly associated with customers service. Moreover, banks must focus on complying with Islamic principles, improving reliability and empathy as these were found to have high effect on customers' satisfaction.

Key words: Customers' satisfaction, Service quality, Tanzania Islamic banking

ACKNOWLEDGEMENT

In the Name of Allah, the Most Gracious and the Most Merciful. First of all I thank Allah (S.W) who granted me the ability and willingness to proceed with my Master programme. I am grateful to Allah the Almighty for everything He has granted me, the Most Merciful who has granted me the ability and willing to start and complete this study. I always pray to His Greatness to inspire and enable me to complete this dissertation on time. Without Allah, for sure I cannot make it possible.

My most profound thankfulness goes to my supervisor, Dr Rosemaliza Ab Rashid for all her patience, scientifically proven creativity, encouraging guidance, and many discussions that made this study to be completed. Without her understanding, consideration and tireless advice, this dissertation would not have been completed successfully.

Many thanks also goes to Dr Said Seif (ZIFA) for useful advice during the early stage of developing this study. My additional thanks and gratitude goes to all my dearest friends and family members especially my lovely wife for being by my side at all studying period.

Lastly, I am thankful to my dignified university (UUM) for giving me an opportunity to conduct this research in a very conducive environment.

Thank you.

TABLE OF CONTENTS

CERTIFICATON OF RESERCH PAPER.....	ii
PERMISSION TO USE.....	iii
ABSTRACT.....	iv
ACKNOWLEDGEMENT.....	v
LIST OF TABLES.....	ix
LLIST OF FIGURE.....	x
LIST OF ABBREVIATIONS.....	xi
CHAPTER ONE.....	1
BACK GROUND OF THE STUDY.....	1
1.1 Introduction.....	1
1.2 Research Problem.....	7
1.3 Research Objective.....	10
1.4 Significance of the Study.....	11
1.5 Study limitations.....	11
CHAPTER TWO.....	13
LITERATURE REVIEW.....	13
2.1 Introduction.....	13
2.2 Review of Related Literatures.....	13
2.3 Theoretical framework.....	26
2.4 Hypothesis formulation.....	27
CHAPTER THREE.....	29
METHODOLOGY.....	29
3.1 Introduction.....	29
3.2 Research design.....	30
3.3 Operational Definitions.....	31
3.4 Data Collection Procedures.....	37
3.5 Population and Sample Selection.....	39
3.6 Measurements/Instrumentation.....	41

3.7	Data Analysis Techniques	42
3.8	Reliability, Normality and Multicollineraity tests	44
CHAPTER FOUR.....		46
FINDINGS AND ANALYSIS.....		46
4.1	Introduction.....	46
4.2	Respondents' Profile.....	47
4.3	Validity and Reliability of data.....	49
4.4	Test for Data Normality	50
4.5	Multicollinearity Test	52
4.6	Descriptive Analysis.....	53
4.7	Correlation Analysis.....	54
4.8	Regression Analysis and hypothesis Testing.....	55
4.9	Discussion of the results	60
CHAPTER FIVE.....		63
CONCLUSION AND RECOMMENDATIONS		64
5.1	Conclusion	64
5.2	Implication of the study.....	66
5.3	Recommendations	67
5.4	Suggestion for future researches	68
REFERENCES.....		70
APPENDICES		79
APPENDIX A: Questionnaire		80
APPENDIX B: Test for data normality		89
APPENDIX C: Multicollinarity and reliability Test.....		96
APPENDIX D: Respondents' profile and Descriptive statistics		99
APPENDIX E: Correlations.....		102
APPENDIX F: Regression Analysis		104

LIST OF TABLES

Table	Title	Page no.
Table 2.1	Determinants of service quality	20
Table 2.2	Five dimensions of service quality	21
Table 4.1	Respondents' profiles	48
Table 4.2	Reliability statistics	49
Table 4.3	Test for normality of data	51
Table 4.4	Multicollinearity analysis	52
Table 4.5	Descriptive Statistics	53
Table 4.6	Regression Model Summary	56
Table 4.7	ANOVA of Regression Model	56
Table 4.8	Regression Coefficient analysis	57

LLIST OF FIGURE

Figure	Title	Page no.
Figure 2.3	Research framework	26

LIST OF ABBREVIATIONS

ANOVA	Analysis of variance
ATM	Automatic Teller machine
BOT	Bank of Tanzania
KCB	Kenya Commercial Bank
PBZ	People's Bank of Zanzibar
SPSS	Statistical Package for Social Science
TZS	Tanzania Shillings
VIF	Variance Inflation Factor
ZIFA	Zanzibar Institute of Financial Administration

CHAPTER ONE

BACK GROUND OF THE STUDY

1.1 Introduction

Introduction of Islamic finance is directly connected with the need for Islamic financial system that can satisfy demands of Muslim customers. Muslims demand an alternative banking because the conventional banking system is totally involved in *riba* transactions which are prohibited by Islamic law (Ahmed & Rehaman, 2010). Islamic finance is an alternative to conventional finance desired to provide equitable and sustainable distribution of wealth. It has strong root on sustainable society with focus on welfare, equity and justice. The system does not neglect social implications in commercial activities because social responsibilities are given strong emphasis in financing. Profit is the motive for Islamic finance, however, Islamic finance activities are not purely materialistic but supported by strong social responsibilities and accountabilities (Akkizidis & Khandelwal, 2008).

For the past three decades, Islamic banking has experienced popularity around the world (Čihák & Hesse, 2008). From its establishment in the 1970's, Islamic finance and banking industry has experienced a steady growth trend in both size and geographic coverage. Indeed, Islamic banking has become a reality that cannot be ignored (Raza et al, 2012). According to Ariss, (2010), Islamic banking grows at the

rate of 10% to 15% per annum since its establishment. At present, Islamic banks are located in different countries around the world. Nowadays, Islamic banking is operating in more than 100 countries (Amin & Isa, 2008), which include more than 270 Islamic financial institutions such as banks, Islamic insurance companies as well as Islamic mutual funds and mortgages (Ariss, 2010). Between 2004 and 2011, annual compound growth for Islamic banking was reported at 38.5% with over 38 million customers around the globe (Board of Islamic banking, 2014). There are number of reasons behind the success and growth of Islamic banking around the world. Among these reasons include large number of Muslim population in the world which is estimated to be more than 1 billion (Eagle, 2009), growing demand for Islamic bonds and an incidence of world economic crises (Tayyebi, 2008)

Currently, banking industry is facing prompt changes. Globalisation and de-regulation has lead the banking industry to become more dynamic and competitive environment. It is at this time where many financial institutions are reviewing their mode of operation so as to meet customers' needs and focusing on developing business plan that can strategically lead them to remain competitive and in profitable position (Wan Muhammad, Muhammad, & Shukor, 2013). Islamic banks are facing many challenges including rigid competition from conventional banks (Ahmed & Rehaman, 2010). Indeed, increasing trend of customers' expectation contribute to a large extent the dynamic nature of banking competitive environment (Hossain & Leo, 2009). Islamic banks must therefore find out ways to align themselves with this changing environment.

Customer satisfaction is among the most important factor for any organisational survival (Khafafa & Shafii, 2013). Consequently, customer satisfaction is very important issue that is being addressed by banking organizations (Haroon, Amin, & Ahmed, 2012). Hence, the level of customer satisfaction is the main determinant for the success of Islamic banks (Kashif-ur-Rehamn & Khattak, 2010).

Due to intense competitive environment where Islamic banks are currently operating and the increasing trend of customers' expectation in the market, focusing on maintaining service quality is an important prerequisite for its success (Hossain & Leo, 2009). Based on this, the concept of service quality is considered as marketing mix's most important element (Hossain & Leo, 2009). Banks provide wide range of products at higher quality to create a market competitive advantage. It is in this sense that most of the bankers and scholars have increased their interests in measuring service quality (Sharma & Mehta, 2005).

The concepts of service quality and customer satisfaction are highly encouraged in marketing activities. These two concepts have been given a greater advantages by marketing researchers and considered as the guides for organisation's competitive advantage (Ruyter, 1997). Therefore, measuring Islamic bank's service quality and customers' satisfaction are among the topics that carry an important part of today's literature (Sharma & Mehta, 2005).

1.1.1 Islamic Banking in Tanzania

Tanzania is a Union formed by Tanganyika¹ and Zanzibar² in 1964. It is located in the Eastern part of the African continent, bordering the Indian Ocean, between Kenya and Mozambique. It covers the area of 945,100 square kilometres, and is considered as the largest country in East and central Africa with the exception of the Democratic Republic of Congo (Central Intelligence Agency (US), 2012).

Based on the 2012 census, Tanzania has about 44,928,923 population growing at the rate of 1.96% annually. It is now estimated that Tanzania population is over 49Million regarding that Tanzania has the highest birth rate in the world. Kiswahili is the national language spoken all over the country. It is also the most widely spoken African language with more than 70 million speakers. Dodoma is the capital city of Tanzania and Dar-es-salaam is centre for commercial and industrial activities and also the main port (worldpopulationreview.com, 2013).

Tanzania is one of the east African countries with the fast growing economic development. Banking and financial sector has experienced various reforms in the past few decades to meet the need of the industry. Banking and financial sector liberalisation has brought about various innovations in the industry by introducing new banking systems to meet customers' needs. Among others, Islamic banking has

¹ Tanganyika is the mainland which firstly was a Germany colony and later became a British protectorate.

² The islands of Unguja, Pemba and several smaller islands found on the coastal area of east Africa in the Indian Ocean.

been introduced as an alternative for conventional banking (Tripathi, Kasongwa, & Beatus, 2013).

Islamic banking in Tanzania started in 2008, when Kenya Commercial Bank (KCB) opened the first Islamic banking window. Thereafter, other Islamic banking windows were opened by Peoples' Bank of Zanzibar (PBZ), and National Bank of Commerce (NBC) which established Islamic window in 2010. Amana bank is the first full-fledged Islamic bank in Tanzania which have incorporated in 2011(Global Islamic Finance, 2012).

The development of Islamic banking is considered as an alternative way that can provide a great challenge to the old aged conventional banking system that has dominated the industry around the world (Tripathi, Kasongwa, & Beatus, 2013). It is considered as the energetic financial instrument in promoting individuals' and nation's income. Mr. Seif Suleiman, the Marketing manager of PBZ expressed during the 37th international Trade Fairs in Dar-es- salaam that, Islamic banking demand is growing continuously and even exceeding its supply, and hence more investment is required for the service. Mr. Seif called the introduction of Islamic banking in Tanzania as a means of providing financial services to all customers regardless of their faith (Tanzania Daily News, 2013, 7 9). Islamic banking in Tanzania is gaining momentum, and hence, many banks have started to move their operations in Islamic banking system by operating on sharia compliance banking windows (Tripathi, Kasongwa, & Beatus, 2013).

There are still many challenges facing banking industry. Banks' management problems, technological problems, and poor quality of services are among the challenges facing Tanzania's banking sector. Mtui, (2011), revealed that there are some challenges faced by both banks, these include management problems, shortage of tellers, inefficient operation of ATMs, long standing and waiting time for service at the banks teller (following old-style queuing system), poor staff empathy and lack of packing facilities (Mtui, 2011).

Despite the increasing demand and growth of Islamic banking, there are still many challenging issues. In the course of growth Islamic banking in Tanzania faces various challenges including operational, legal and regulatory issues related to its operations by offering Shariah compliant products (Salim, 2012). In assessing the distinguishing features of Islamic banking in Tanzania, Chalu, (2014) found that Islamic banks have limited awareness of compliance on Islamic banking principles, limited structuring of Islamic banks to comply with Islamic principles as well as moderate competence of Shariah Supervisory Board. Based on the findings, Chalu, (2014) concluded that Islamic banks that operate in Tanzania cannot be clearly termed as fully Islamic.

In addition, most of Islamic banking services in Tanzania are provided by conventional banks with Islamic windows as compared to Arab Gulf and Far East countries which operate on both full-fledged and conventional Islamic windows (Ariss, 2010). Tanzania falls under the same category with western countries like US and UK in which Islamic banking is still a new sector, however, in western (US and

UK) countries there are full-fledged and conventional Islamic windows operating together (Chalu, 2014).

1.2 Research Problem

Tanzania is operating a dual banking system whereby Islamic and conventional banks are working parallel to each other (Chalu, 2014). As in the global phenomenon, Islamic banking in Tanzania is still new compared to the conventional banking system which have its bases for centuries since the colonial ruling (Čihák & Hesse, 2008). This makes high competitive pressure to the Islamic banking operations, and therefore there is an increasing need for Islamic bankers to attract and retain both Muslims and non-Muslims customers (Amin & Isa, 2008). Presence of dual banking system conveys a complex and dynamic environment in banking industry (Ahmed & Rehaman, 2010). Due to this dynamic and challenging environment in which Islamic banks are operating, measuring service quality is an important aspect (Sharma & Mehta, 2005). Global integration of banking industry, and strong competition make necessary for the Islamic banks to have a clear understanding of the kind of services or products to produce, the time of offering services, the place for service offering, the procedure for which service have to be offered, and to understand customers perceptions about the products and services (Owen & Othman, 2003).

Among other factors, satisfying customers' needs is one of the most important aspect for the success of any kind of business and so to the Islamic banking and finance

Industry (Khafafa & Shafii, 2013). Customer satisfaction is considered as the main factor in finding out reasons which make customers stay on or leave a particular bank. Every bank needs to retain its customers though they are seen to be satisfied. An intense competition in financial service industry and similarities of their services, provide importance for Islamic banks to have clear understanding about customers' satisfaction on their services (Rose & Marquis, 2006). This is because satisfied customer is the one who is committed and indeed ready to provide contribution (Seyed and Ghaedi, (2012). Any financial institution believe that customers are the target for the service provided. The study conducted by Erol and El-Bodour (1998), on factors influencing customers to choose Islamic Banks found that offering efficient service, reputation of the bank, and confidentiality are the most important factors for customers' bank selection criteria. Customer loyalty and retention is the key for the success of banking organisation. Hence, customer satisfaction is very important issue addressed by banking organizations (Haroon, Amin, & Ahmed, 2012). Therefore, any financial institutions' activities are customers dependent. Without having sufficient customer base, it's hard for the business to proceed any further.

The importance of customers' satisfaction in banks differs between countries due to several reasons including social, political, economic and technological factors. Significant factors relating to customers' satisfaction in one country may not be significant in another country (Giese & Cote, 2002). This fact relate to the Islamic banking service in Tanzania. Customer service, product quality, and product pricing found to be effective determinants of customer's satisfaction and retention in

Tanzania banking industry (Msoka & Msoka , 2014). Tripathi et al, (2013), revealed that demographic factors are among the main influence to the choice of banking system in Tanzania. Faith to the large extent influences the introduction of Islamic banking in Tanzania (Tripathi, Kasongwa, & Beatus, 2013). Religion is the critical factor for selecting Islamic banking in Tanzania. However, customer selection criteria for Islamic bank are not purely based on principles of Islam. This is because of limited awareness of Islamic banking principles to, limited understanding of permissibility of interest and lack of proper customer screening, (Chalu, 2014).

Islamic banking in Tanzania is one of the growing business industries which requires serious attention (Chalu, 2014). Many challenges has been reported as the industry is growing (Salim, 2012). These challenges need close investigation in order to be rectified. The nature of Islamic banks and the environment in which these banks are operating provide important clues for researchers to put more efforts to investigate various related issues. Issues relating to compliance, competence of Shariah advisors, financial framework supporting Islamic finance, mode of banks operations and banks' structure are among the highlighted challenges facing Tanzania Islamic banking (Chalu, 2014). Based on these facts and considering the importance of satisfying customers' needs, measuring service quality and customer's satisfaction is crucial to help the industry to compete in dynamic and intense competitive environment (Kahafafa & Shafii, 2013; Haroon et al, 2012; Sharma & Mehta, 2005).

Furthermore, Islamic banking is interesting to both Muslim and Non-Muslim customers (Amin & Isa, 2008), and hence, there is greater chance for foreign banks to enter into emerging Islamic banking market like Tanzania in the future. There is need for existing Islamic banks to direct their resources towards improving their performance through developing operational marketing strategies, upgrading their technological capabilities, and improve their human resource competence. Particularly, it is necessary for Islamic banks to improve and maintain better service quality and customer satisfaction (Amin & Isa, 2008).

Despite number of studies globally conducted about Islamic banks, there are still limited studies concerning the measurement of service quality and customers' satisfaction on Tanzania Islamic banking. Hence, it is justifiable to conduct a study in this area. Therefore, this study intends to measure the association between service quality and customers' satisfaction towards Islamic banking in Tanzania.

1.3 Research Objective

The general objective of this study is to examine the relationship between service quality and customers' satisfaction in Islamic banks in Tanzania.

Specifically, this study examines the relationship between service quality dimensions (namely compliance, assurance, reliability, tangibles, empathy and responsiveness) and customers' satisfaction in Islamic banks in Tanzania.

1.4 Significance of the Study

The study will certainly provide a help to Islamic bankers in Tanzania to sustain and compete with conventional banking. This study is helpful in the following ways:

- a) By understanding the association of service quality to customers' satisfaction, will help Islamic bankers to develop better strategies that will add value to their service quality and hence increase their customer base.
- b) Provide an insight for government to review financial system and to establish clear Islamic banking framework that can ensure Shariah compliance on Islamic banks' operations.
- c) The study provide chance for customers to assess their bankers, and to provide recommendations that will help banks to enhance their services to meet customers' needs.
- d) The study will also open window for more academicians to conduct studies in Islamic banking in Tanzania and hence will expand literature in that area.

In general, the study provide an incentive for Islamic banking practitioners to find new ways of improving their customer services and enhancing the current system of offering services.

1.5 Study limitations

The present study is based on primary data collected through questionnaire from respondents. Therefore, results are based on respondents' views concerning customers' satisfaction on Islamic banking. In addition, only a sample of 385 respondents have been selected from a population of more than one million Islamic banking customers. The results are to be generalized to provide descriptions about Islamic banks' customers' satisfaction in Tanzania. However, these findings cannot be generalized to other banks' customers.

Moreover, some of expected respondents were not ready to fill the questionnaires provided and some of them did not return questionnaires as intended. To some extent this disturbed the process of data collection and hence reduced the number of responses received for data analysis.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This part is intended to review relevant literatures regarding customers' satisfaction, service quality and their relationship, as these particular aspects are used in the study. Based on previous relevant studies, key concepts relating to the study will be defined and related relationship will be expressed under this chapter. Key concepts such as customer satisfaction, services quality and their mutual relationship will be discussed.

2.2 Review of Related Literatures

2.2.1 Customer satisfaction

Islamic banks conduct their financial and business transactions by adhering Islamic rules and regulations on transactions (*Fiqh Mua'malat*). Islamic financial system does not allow interest in any of its dealings, but it promotes equity and fairness in business and financial transactions (Akhtar, Hunjra, Abkar, Rehman, & Niazi, 2011). Inception of Islamic banking practice in many countries in the world is regarded as the cause of many threats and opportunities in banking industry. Based on this, there

emerging a lot of researchers who studied conventional and Islamic banking in different ways (Farooq, Raza, Saddique, Awan, & Amin, 2012). Among others, studying customers' satisfaction is important area which attract many researchers and is considered as the most important aspect for Islamic banking success in the market (Khattak & Rehman, 2010), (Sharma & Mehta, 2005).

Customer satisfaction denotes recent methods for quality which help organisations in developing actual customer focused management and culture (Hamzah, Ishak, & Mohd Nor, 2014). It is famous and reputable concepts in areas like marketing, consumer research, economic psychology, welfare and general economics (Bashir, 2012). Customer satisfaction is measured through customers' instant, meaningful and objective responses about their preferences and expectation for the products or services (Mihelis, Grigoroudis, & Siskos, 2001).

Customer satisfaction is among important strategic elements in any organisation. This is because any business industry depends on customers as the ultimate source of income (Khattak & Rehman, 2010). Modern marketing believes that the survival of any business depends on the ability to meet their customers' need and satisfactions. It is assumed that customers' satisfaction attracts customers' loyalty and retention and hence increase profitability (Okumus & Genc, 2013).

Due to competition in banking industry and considering customers' satisfaction as marketing strategy's primary component, bankers put more emphasis on customer satisfaction for the past one and half decade (Khattak & Kashif-ur-Rehamn., 2010).

By using service and product quality improvement, currently, financial institutions are focusing on improving customers' satisfaction to achieve their objectives (Ahmed & Rehaman, 2010).

Having consistent service quality that can reduce customers' attraction costs and that can increase sales and market share, is believed to be the best way to maintain customer loyalty and customers' satisfaction in service industry. Service quality is considered as among the most important aspect required for business improvement and creating competitive advantage (Tsoukatos & Rand, 2007). Service quality is the overall investigation of services, whereas customers' satisfaction present the performance results of service proved to customers (Hossein & Sahel, 2013). Customer satisfaction is broad concept as compared to service quality, however, these two concepts found to have common points. Service quality is part of customer satisfaction while service quality focuses on services dimensions. Service quality is more extensive compared to service quality (Hossein & Sahel, 2013). Because organisations' survival depends on customers' satisfaction and customer loyalty, improving service quality is assumed to be important so as to increase customers' satisfaction (Karimi , 2005).

Existing literatures provide varieties of definitions based on customer satisfaction. There is no uniform definition regarding to customers satisfaction in literatures (Giese & Cote, 2002). Based on literature analysis, customers' satisfaction definition is based on two main approaches; (1) operational and (2) Rational approaches (Giese & Cote, 2002). Under operational approach Oliver, (1981), defined satisfaction in terms of emotional reaction following disconfirmed experience which act on the base

attitude level and it is in consumption specific. Based on this view, when customer's evaluation is positive his consumption on a certain product or service will increase. Under rational approach customer's satisfaction is regarded as an overall assessment. Bintner and Habbert, (1994), defined customers satisfaction as the process which include the construction of overall assessment about satisfaction or dissatisfaction with the organisation. The assessment is based on all counters and experience of with that a certain organisation. This definition implies that, on factor which influence customer's purchase may be insignificant in other case.

In their study about the definition of the customer satisfaction, (Giese & Cote, 2002), elaborated three general components that can that can be identified in the definition of customer satisfaction. That is 1) "customer satisfaction is a response", 2) the response relate to a certain focus, i.e. either a product, expectation, consumption, e.tc. And (3) the response occur at a certain time, i.e. may be after consumption, choice or based on gathered experience and so forth. From this view, satisfaction is "a response pertaining to a particular focus determined at a particular time".

Wirtz and Lee, (2003), described the term Customer satisfaction as an important pre-aspect for the customer's decision to repurchase the product, put their loyalty to the firm and in return lead to the long-term firm profitability. It is therefore important for the firm to effectively manage customers' satisfaction. Accurate satisfaction measurement is crucial to complete the task (managing customers' satisfaction).

In achieving and maintaining business competitive advantage, customer satisfaction is one of the issue that play an important role. By recognising customer's predictions, obtaining customers loyalty and a profit, a business firm can form its marketing tools. A business can grasp customers as well as its competitors' knowledge through measuring customer satisfaction (Erol & Radi El-Bdour, 1989).

The study conducted in Pakistan by Khattak and Rehman (2010) found that customers satisfaction possess a significant influence to the firm's business strategies since customers are the main source of revenue for any type of industry. Based on this fact, bankers are more focused on satisfying their customers in order to gain a competitive advantage in the market by retaining existing and increasing new customers.

2.2.1.1 Factors influencing Islamic banks customer satisfaction

A study related to factors influencing selection on Islamic banks based on Malaysia customer preferences by Haque, Osman & Ismail, (2009), confirmed a significant positive relationship between service quality, service availability, and customers' perception about Islamic bank. These factors influence customers' mind and increase understanding of the Islamic banks Activities.

A study conducted by Dusuki & Abdullah (2007) found that, employees' ability to deliver trust to the customers, employees' courteousness and competence are the most important factors that customers focus in choosing a bank (for example,

qualified staffs, handling transactions with efficiency and effectiveness, and employees' kindness). In examining students' knowledge and perception towards Islamic banking, Kuehn & Bley (2004) found that there is a language barrier that prohibits students from learning about Islamic financial system. In 1998, Metawa and Almosawi found that service quality, friends and family influences, confidentiality and banks name and image are important factors considered by the customers while selecting a bank.

Mamun, Hassan and Ahmad (2008) revealed that together with religion, other factors like higher return depositor's aspiration, suitable system on financial transaction, service consistency and uniformity, and "higher cost-benefit" implications are considerable to customers in choosing their intended services.

Moreover, Mosavi and Ghaedi, (2012) revealed a positive relationship between customer satisfaction, image and customer commitment. Their findings indicate that, commitment of the customer is mostly influenced by customers' satisfaction i.e. 47%, image i.e.37% and trust (18%). Their findings also demonstrate that, "customers with stronger commitment level are indeed willing to contribute to customer advocates"

In examining customers' behaviour in 1994, Haron et.al, identified three important factors for bank selection; namely, friendliness, speed and efficiency. Nevertheless, Islam ranked by respondents as the most important factor in selecting Islamic banks.

Similar results was found by (Naser , Jamal , & Al-Khatib, 1990) and added that large number of respondents (70%) ranked religion as the most important factor for bank selection.

The study conducted by Raza et.al. (2012), found that customers are attracted by Islamic banks, but still there is lack of awareness about Islamic banking which is considered as the main problem to the users of Islamic banking. Raza et.al. (2012) cited the study based on customer's corporate attitudes in Malaysia conducted by Ahmad and Haron (2002) that, religion has been pointed as the primary reason for the peoples' decision to select Islamic banking, the view supported by an average of 55% respondents. Though, the study by Ahmad and Haron (2002), mentioned about 75% who think that the government of Malaysian ought to promote Islamic banking through marketing channels.

2.2.2 Service quality

According to Parasuraman and Berry (1990) service quality refers to the extrinsically perceived attribution based on customers' experience about the service he perceived to receive through the service counter. Service quality involved not only in final products/ services, but also in production and supplying process, therefore employee involvement and commitment is important in all stages to offer final products or service (Kumra, 2008).

Based on their study on examining major users of library, Shieh and Wang (2006), defined the term service quality as the overall excellence of library services that satisfy expectations of the users. Other researchers like Cronin and Taylor, (1994), defined service quality as the form of attitude representing a long-run overall evaluation (Fen & Lian, 2002).

Service quality is considered to be the prospect to achieve strategic benefits such as improving customer retention rate and obtaining competitive advantage (Cronin J. , 2003). Service quality issue is significant for banking industry (Stafford, 1994). Because of similarities in financial services provided, bank need to put more effort on improving quality of their service to differentiate them from the competition. According to Bowen and Hedges, (1993), service quality id related to the expansion of market share.

Bank's service quality may depend on a company's overall image dimensions, this may include an employer reputation, involving in solving social issues, e.tc. Service quality is influenced by a number of factors. Parasuraman, Valarie Zeithaml and Berry (1985), identified ten determinants of service quality that are important in moulding consumer expectations before service conveyance. However, it is possible that relative importance of these determinants may differ compared to customers' perception on the service delivered. These ten (10) determinants are shown in the Table 2.1.

Table 2.1: Determinants of service quality

1	Reliability	Includes performance consistency and dependability, i.e. the firm provide its services right at the time and honour its promises, example; accuracy in billing and correct record keeping, etc.
2	Responsiveness	Relate to the employees' willingness to deliver services. This includes servicing timely- like; immediate mailing of transaction slip, quick service delivery, calling back customer quickly.
3	Competence	Possession of required experiences and knowledge in offering certain service. This includes, operational support and contact persons' knowledge and skills, etc.
4	Access	Meaning an ability to easily access and contact. I.e. service is easily accessible by phone and that waiting time to receive is not expensive, and convenient operating hours and location of service facility.
5	Courtesy	Involves politeness, respect, consideration and friendliness of contact personnel.
6	Communication	Informing customers in the language that they can understand and listening to them. This includes, explaining service itself, how much will the service cost? Etc.
7	Credibility	Includes trustworthiness, believability, and honesty. It means providing customers with interest of their heart. Includes; company's name and reputation, e.tc.
8	Security	Include the freedom from danger, risk or doubt. It involves; physical safety, financial security, confidentiality.
9	Understanding	Means, knowing customers. It involves, making effort to understand customer's needs. Example; giving customers specific requirements, providing individualized attention, and recognising regular customers.
10	Tangibles	This includes physical evidence of the service. Includes, physical appearance, personnel appearance, tools and equipment used in service provision, etc.

Source: (Parasuraman, Zeithaml, & Berry, 1985)

However in subsequent research conducted in (1990), Parasuraman et al. combined those ten dimensions in to five broad dimensions. These dimensions are shown in Table 2.2.

Table 2.2: Five dimensions of service quality

1	Tangibles	Appearance of physical facilities, equipment, personnel and written materials, i.e. physical facilities and facilitating goods. Example: cleanliness of environment and staffs.
2	Reliability	Ability to perform the promised service dependably and

		accurately. Example: retrieve e-mail at the same time each day
3	Responsiveness	Willingness to help customers and provide service promptly. Example: avoiding keeping customers await without concrete reason.
4	Assurance	Employees' knowledge and courtesy and their ability to inspire trust and confidence. Example: being polite and showing respect to customers.
5	Empathy	Caring, easy access, good communication, customer understanding and individualised attention given to customers, i.e. ability to be approachable. Example: being good communicator and listener.

Source: (Zeithaml, Parasuraman, & Berry, 1990)

In 2001, SERVEQUAL model was modified by Othman and Owen, who introduced an additional new dimension from those proposed by Parasuraman, et al. (1990). The additional dimension is “compliance” which is intended to define the ability of the bank to comply with Islamic law and perform its operations in line with the principles of Islamic jurisprudents (Maruak, et al., 2010). Othman and Owen in (2001) designed a CARTER model to measure the quality of services in Islamic banks. The model involves 6 dimensions with 34 items. Six dimensions of this model are compliance, assurance, reliability, tangible, empathy and responsiveness. In their findings, Othman and Owen identified the importance of adopting service quality program in Islamic banks. The conceptualised dimensions of CARTER model provide a proposed framework for measuring Islamic bank's service quality. In addition the study emphasised the importance for implementing a service quality program for Islamic banks (Othman & Owen, (2001).

2.2.3 Customer satisfaction and service quality

Service quality effects customer satisfaction (Al-Hawari. and Ward, 2006), which in turn effect the financial performance of the bank (Ombati et al. 2010). Providing better and high quality services is the essential component for bank's growth and increasing customer satisfaction (Ombati et al. 2010).

Surshchandar, Rajendran & Ananthuraman (2002), conducted an in-depth analysis on the relationship between service Quality and Customers' satisfaction identified five key elements of service quality that customers view as essential. These elements are (1) core service or service products, (2) social responsibility which is the service provider's ethical behaviour and activities, (3) systemization of service conveyance- i.e. the overall process, procedures, technology and systems that help in providing services in seamless manner, (4) Human elements of delivering services like responsiveness, reliability, empathy, assurance, and service recovery, and (5) service tangibles –i.e. equipment, signage, staff's appearance, and the physical environment (service space). The findings of the study by Surshchandar et al, (2002) indicates a direct relationship between customers' satisfaction and the quality of the services provided.

In discussing the relationship between service quality and company's performance, Hedges (1993) revealed that firm can increase its market share by improving its service quality (Wan, Shafie, Nursofiza, & Haron, 2004) . Mostaghel found that, service quality holds a significant position to customer satisfaction (Mostaghel, 2006).

In examining the relationship between service quality and customers' satisfaction using word of mouth as mediating effect, the study conducted in Pakistan banks by found a positive relationship between service quality and customers' satisfaction and the word of mouth did not bring any mediating effect between them (Mudassar, Talib, Cheema , & Raza, 2013).

In banking Industry, service quality is regarded as most important aspect to conquer competitive advantage. Due to general homogeneity of financial services, banks need to improve their service quality in order to distinguish them from their competitors. The study conducted by Der Velde (1991) indicates that significant relationship exists between high service quality, and the improvement of financial performance.

A study conducted by Saddique et al (2012), on customers' satisfaction towards Islamic banking in Pakistan, found a positive relationship between customer satisfaction and the identified factors such as service & product quality, customers' banks reputation, etc. Subsequent study conducted by Ali and Ijaz (2013) in Pakistan to assess the attitude of service quality measures by Islamic banks revealed different views between customers and banking managers with regards to the banks' quality satisfaction. The study indicated that managers are satisfied with the service quality while customers are not. In addition, the study revealed a positive image of service attitude among managers, customers and management trainees.

Using SERVEQUAL model to examine the perception of service quality and customers' satisfaction in Malaysian Islamic banks, Amin and Issa, (2008) found a significant relationship between service quality and customer's satisfaction. These results indicates that Islamic bank customers are satisfied with the services provided by their banks (Amin & Isa, 2008). However, the study suggested six service quality dimensions instead of the current five dimensions proposed by Zeithaml et.al, (1990), (Compliance, Reliability, tangibles, assurance, responsiveness and empathy). Subsequently, Osman at el, (2009) used a CARTER model to assess customers' satisfaction on Malaysia Islamic banks. Osman at el, (2009) found that Malaysians are motivated to select Islamic financial institutions because they suit with their religious values. Additionally, compliance to Islamic principles provides a significant influence in customers' decision to select Islamic banks. These results supported Othman and Owen's research done in 2001. Compliance was ranked number one, whereas Reliability, tangibles, assurance, responsiveness and empathy were ranked second, third, fourth and fifth respectively (Osman, Ali, Zainuddin, Wan Rashid, & Jusoff, 2009).

Service quality, service availability, religious perspectives, social perspectives and customers' confidence with the bank have great influence on customers' satisfaction in Malaysia banks (Osman, Ali, Zainuddin, Wan Rashid, & Jusoff, 2009). Akhtar et al, (2011) conducted a study on Pakistan Islamic banking and finds that there is a positive and significant relationship between customer satisfaction and constructs of service quality like compliance, assurance, empathy and representativeness.

Furthermore, the study concluded that compliance and representativeness provide more influence on customer satisfaction in Pakistani Islamic banks (Akhtar, Hunjra, Abkar, Rehman, & Niazi, 2011). In a study conducted in Libyan banks operating under Islamic windows by Khafafa and Shafii, (2013) found a positive and significant relationship between customer satisfaction and dimensions of service quality like tangibility, reliability, responsiveness, assurance and empathy. Responsiveness was found to be the strongest indicator of customer satisfaction followed by reliability, empathy and assurance (Khafafa & Shafii, 2013).

2.3 Theoretical framework

In order to accomplish the objectives of the study, and based on the review of the related literatures it is assumed that there is a positive significant relationship between service quality and customers' satisfaction. Service quality dimensions (Compliance, Assurance, Reliability, Tangibles, Empathy, and Responsiveness) represent service quality and are regarded as independent variables and customer satisfaction is the dependent variable. The interactions of these determinants indicate the relationship between service quality and customer satisfaction. The theoretical framework for the study is presented in Figure 2.3.

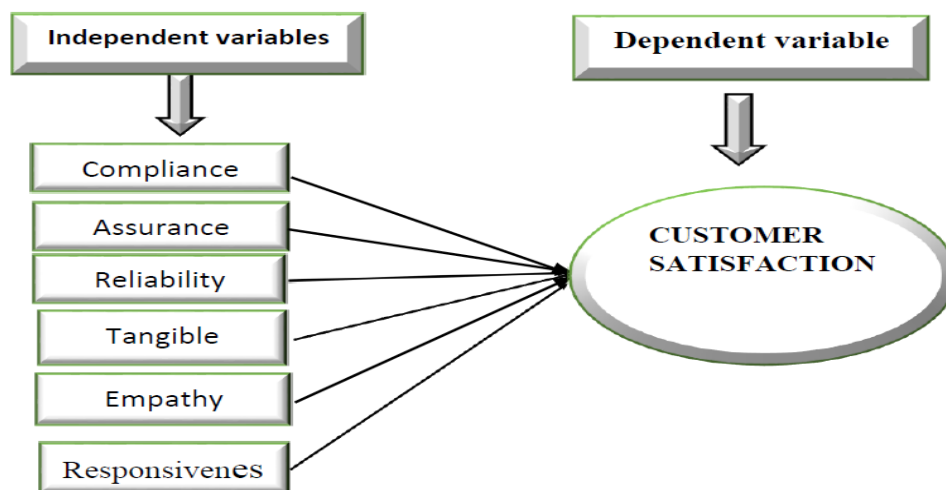


Figure 2.3 Research framework

2.4 Hypothesis formulation

Based on the theoretical framework and the objectives of the study, hypothesis will be formulated as follows:

2.4.1 Relationship between independent variables and dependent variable.

1. **First Hypothesis (H1):** Association between service quality and customers' satisfaction.

According to empirical studies there is positive-significant relationship between service quality and customer satisfaction in Islamic banking. This statement is

supported by various studies such as (Raza et al, 2012; Amin and Issa, 2008; Khafafa and Shafii, 2013; Mudassar et al. 2013). Indeed service quality provides significant impact on customers' satisfaction on Islamic banking (Mostaghel, 2006); Osman et.al, 2009). Therefore to meet the general objective of this study hypothesis (H1) is stated as follows:

H1: There may be positive relationship between service quality and customers' satisfaction.

2. **Second Hypothesis (H2):** Relationship between service quality dimensions (compliance, assurance, reliability, tangibles, empathy and responsiveness) and customer's satisfaction.

Akhtar et al. (2011) found positive-significant relationship between customers' satisfaction and service quality dimensions like compliance, assurance, reliability, tangibles empathy and responsiveness on Pakistan Islamic banking. Similar results found by Osman at el, (2009), and, Othman and Owen, (2001). Based on these facts, **H2** is formulated as follows.

H2_a: There may be positive relationship between compliance and customers' satisfaction.

H2_b: There may be positive relationship between assurance and customers' satisfaction.

H2_c: There may be positive relationship between reliability and customers' satisfaction.

H2_d: There may be positive relationship between tangibles and customers' satisfaction.

H2_e: There may be positive relationship between empathy and customers' satisfaction.

H2_f: There may be positive relationship between responsiveness and customers' satisfaction.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

Research methodology has been generally defined as systemic procedure for solving research problems. It involves the ways by which researchers follow in order to describe, explain and predict a particular phenomenon. It can also be described as the study through which people gain knowledge. Research methodology provides a plan of work in conducting research (Sekaran & Bougie, 2013)

This chapter explains the procedure that will be used in conducting the study. The methods and techniques used for data collection and analysis are stated. Definitions of respective variables of this study are also provided in this chapter.

3.2 Research design

Research design is the plan for collecting, measuring and analysing data, in the attempt to answer the study's research questions. Research design include description about type of the study, research strategy, study setting, study measurements and measures, study population (Unit of analysis), sampling design, data collection methods and data analysis (Sekaran & Bougie, 2013).

Based on this study, research design will cover purpose of the study and extent of interference, whereas other aspects like data collection methods, study population and Sampling design, and data analysis techniques will be discussed under independent heading.

3.2.1 Purpose/type of the study

The study type is descriptive research. According to Sekaran et al (2013), Descriptive research/study provides description about the characteristics of population (“person, event, or situation”) and/or relationship among variable.

This study intends to find the relationship between variables (dependent and independent) and to examine the impact of independent variables to the outcome of dependent variable. By using descriptive and inferential statistic, correlation between independent variables (Compliance, Assurance, Reliability, Tangibles, Empathy and Responsiveness) and dependent variable (customer satisfaction) has been described, and their (independent variables) mutual and individual effect on dependent variable has been identified. This descriptions is helpful to understand the existing relationship between service quality and customer satisfaction and the influence of service quality on customers' satisfaction.

3.2.2 Extent of interference

This study intended to find the relationship between the variables (dependent and independent) which is conducted in natural working environment (e.g. banks) where customers were easily accessible. Structured questionnaires were used in data collection process from prospected sample population. Based on this, beyond the administration of questionnaires, researcher had minimal interference towards normal working environment.

3.3 Operational Definitions

In this study, researcher examined the association of independent variables and dependent variable. Customer satisfaction is dependent variable, whereas

Compliance, reliability, responsiveness, tangibles, assurance and empathy are independent variables.

3.3.1 Customer satisfaction

The term refers to the overall customer's gratification/dissatisfaction about a certain organisation based on counters and experience on that organisation (Bitner and Hubbert, 1994). Gustafsson, (2005), defined customer's satisfaction as customer's evaluation of overall performance. When customers evaluation is positive, than he/she is going to consume repeatedly and increase loyalty (Oliver, 1981).

Customer satisfaction is marketing term that is mostly used by business industry to measure the extent to which the product supplied or service offered meets customer's needs. It is used as key aspect of differentiating one firm to another in most competitive environment. In this sense it is also regarded as key indicator for business success.

Based on the previous definitions provided (by Bitner and Hubbert, 1994; Gustafsson, 2005; and Oliver, 1981) above, customer satisfaction is operationalised as the degree of customers' responses resulted from evaluation process concerning the product or services provided by Tanzanian Islamic banks. It measures how well the products/services issued by Tanzanian Islamic banks meet customers' expectations. In this study customers' satisfaction is used as dependent variable.

3.3.2 Compliance

Compliance is a situation of acting in accordance with the laid down roles, regulations, principles, legislation or guidelines (El Saghier & Nathan, 2013). According to Othman and Owen, (2003), Compliance represents the ability of Islamic bank to comply with Islamic law (Shariah) and conducting its operations according to the principles of Islamic Economics and Islamic banking. Any Islamic banking to be satisfactory to its customers must conduct its business and financial transactions in line with rules and regulations laid down by Islamic law on business transactions (*fiqhi mu'amalat*).

In this study, compliance is operationalised as the extent to which customer agree with the situation of complying with Islamic rules/laws and regulation in all business and financial transactions to which Tanzanian Islamic banks are involved. Compliance is used as independent variable in this study, and it is one of the service quality dimensions under CARTER model.

3.3.3 Assurance

Assurance has been defined as, employees' knowledge and courtesy and their ability to inspire trust and confidence, for example: being polite and showing respect to customers (Zeithaml, Parasuraman, & Berry, 1990).

Assurance involves friendliness and politeness of bank's staff, employees' ability to provide financial advice, bank's interior comfort, having an ease access of account

information and having management team with knowledge and experience (El Saghier & Nathan, 2013).

In this study, assurance is operationalised as the magnitude to which customers' agree with employees' knowledge and courtesy and the ability of Islamic bank's staff to deliver financial services so as to inspire customers' trust and confidence. Assurance is independent variable in this study.

3.3.4 Reliability

Reliability refers to the ability to perform the promised service dependently and accurately (Parasuraman, Zeithaml, & Berry, 1985). It is one of the important dimensions of service quality which measure the ability of the company to honour their promises or offering their promised services, quality and accuracy to customers.

Reliability level relies on bank's ability to provide service at the right first time, bank's ability to handle customers' problems, providing promised services at promised time, ensure accuracy of transaction and maintaining accurate records (El Saghier & Nathan, 2013). It is considered as one of the most important factor in banking industry (Yang, 2004). Business firm must focus on the reliability because customers always want to see their suppliers are reliable and able to fulfil their needs with satisfaction.

Based on definitions provided above (by Parasuraman et al. 1985; and El- Saghier and Nathan, 2013), reliability is operationalised as respondent's level of evaluating the ability of Islamic bank to provide promised service timely and accurately, ability to solve customers' problems and maintaining accurate records. Reliability is independent variable in this study.

3.3.5 Tangibles

According to Parasuraman et.al (1985), tangibles can be defined as appearance of physical facilities, equipment, personnel, and written materials, i.e. physical facilities and facilitating goods, for example: cleanliness of environment and staffs. This is a scale that is used to measure the quality of services based on the quality of most visible attributes of the service provider. According to Ananth et.al, (2011), tangibility includes all visually appealing modern equipment, physical facilities, material, and well-dressed employees.

In this study tangibles is operationalised as the extent to which customers agree with Islamic bank's appearance of physical facilities, equipment, personnel, and written materials. This operationalization is based on definition provided by Parasuraman et.al (1985). Tangibles is an independent variable in this study.

3.3.6 Empathy

Empathy means caring, easy access, good communication, customer understanding and individualised attention given to customers, i.e. ability to be approachable, for

example: being good communicator and listener (Zeithaml, Parasuraman, & Berry, 1990). It includes providing and personal attention, having convenient hours of operations, understanding specific needs of customers, and having best interest in a heart (Ananth, Ramesh, & Prabakaran, 2011).

Empathy is operationalised as the degree to which respondents agree about the ability of Islamic bank to care about their customers, providing individual and personal attention, having good communication, understanding of customers' specific needs and having convenient operating hours. Empathy is an independent variable in this study.

83.3.7 Responsiveness

Responsiveness relate to the employees' willingness to deliver services. This includes timely servicing timely, for example immediate mailing of transaction slip, quick service delivery, calling back customer quickly (Zeithaml, Parasuraman, & Berry, 1990) . According to Kumar at el, (2009), Employees ability to understand customers' need and wants, having convenient hours of operation, staff's ability to give individual attention, securing customers' transactions and having attention on customers' problems; laying under the context of responsiveness.

Responsiveness is operationalised as the extent to which respondents agree with Islamic bank's willingness to help customers and provide prompt service, having convenient hours of operation, staff's ability to give individual attention, securing customers' transactions and having attention on customers' problems. Responsiveness is also important dimensions of the service quality which measure

organisation's willingness to help customers, because customers feel more valuable if they are offered with best quality of service as they perceived. Responsiveness is an independent variable in this study.

3.4 Data Collection Procedures

This study based on primary data. Primary data are first hand data obtained by the work of researcher himself through various data collection methods such as, interview, questionnaire and observations.

In this research, data were collected through questionnaire distribution to respondents. Questionnaire is a written set of pre-formulated questions that provide chance to respondents to provide and record their answers necessary to meet a defined objectives. It is regarded as more effective data collection instrument for descriptive and exploratory type of studies (Sekaran & Bougie, 2013).

Likert scale were used to make questionnaire easy for respondent to provide their opinions and make simple to researcher during data analysis process. Scales range from 1 to 5, where number 1 indicates strongly not agree with the statement, number 2 means disagree with the statement, number 3 indicates neutral, number 4 indicates agree with the statement and number 5 indicates strongly agree with the statement.

Questionnaire comprised of two main parts. Part one is for respondents' profiles which was also labelled as "section one". This section involves respondents'

demographic profiles which are gender, age, type of employee, the length of customer relationship with the bank, and monthly income earned by respondent. Second part intended to assess the degree of relationship between service quality and customer satisfaction on Islamic banking and this were made of eight sections (section 2 to 9). Section two is about tangibles, section three is about reliability, section four is about assurance, section five is about responsiveness, section six is about empathy, sections seven and eight are about compliance and customer satisfaction respectively. Section nine provide respondents an opportunity to provide comments or additional information.

Questionnaire were designed in English language with Swahili translation so as to make it clear to respondents. This is because, not all respondents understand English language as most of Islamic banks' customers are Tanzanians who use Swahili as national language. To determine the correctness and validity of the instrument, questionnaires were piloted to 35 respondents who are customers of different banks in Tanzania. After receiving responses and recommendations some grammatical changes were made to the instruments. The content validity of the instrument were examined by experts (Dr Said Seif and Dr Iddi Salim)³ in finance and banking industry and found it valid for measuring service quality and customers satisfaction. Questionnaire contents were adopted from the study of Othman and Owen, (2001), and Wan et al. (2004), with slight changes to fit Tanzania environment. Reliability test was than conducted by using Cronbach's Alpha and the results are shown in Table 4.2.

³ Senior lecturers at Zanzibar Institute of financial Administration

Structured questionnaires were personally administered to enable researcher to obtain responses from respondents. Questionnaires were randomly distributed to respondents at sample study areas (Dar-es-Salaam and Zanzibar). In collecting data for this study, researcher distributed 384 questionnaires whereby only 255 of them managed to be collected for the analysis (this makes 66.40% rate of responses). Questionnaires were specifically distributed to customers who attended at Islamic bank to obtain services by either having an account or for any other finance service provided by respective Islamic bank. Questionnaires were randomly distributed to prospective respondents with the help of employees of selected Islamic banks who on behalf of researcher distributed the questionnaires to their customers during working hours. On the other hand, questionnaires were personally distributed to respective respondents of other areas outside the banks. Researcher managed to meet with customers with the help of friends and relatives in those areas.

3.5 Population and Sample Selection

Population is the whole group of elements through which researcher is interested to investigate. Element is an individual member of the population. Sample is a population's subgroup that represent the entire population. Sampling is the process of selecting a sample population (Sekaran & Bougie, 2013).

Study's target population is Islamic banks' Customers in Tanzania. Customers from two main regions of Tanzania (Dar-es-Salaam and Zanzibar) were selected as sample population. These two areas were selected because is where most of Islamic banking transactions take place. Dar-es-salaam represents those areas which have mixed

Islamic banks' customers (Muslim and Non-Muslims) and Zanzibar represents the area with majority of Islamic banks' customers. These areas found suitable in order to get the real picture of customers' respondents about satisfaction with Islamic banks services. Three Islamic banks, PBZ, KCB, and Amana bank were used as sample banks. PBZ and KCB represent banks with Islamic banking division and Amana bank is the only full-fledged Islamic bank in Tanzania.

Based on scientific guideline table provided by Krejcie and Morgan (1970), representative sample population were randomly selected from the group of Islamic banks' Customers. According to Krejcie and Morgan, (1970), 384 respondents are sufficient for the population of 1,000,000. Having too large sample size may lead to commit type II error by considering weak relationship between variables to be significant where in reality the case may not be true. Neither too large nor small sample size is helpful to the research project (Sekaran & Bougie, 2013). The sample size which is less than 500 and larger than 30 found to be suitable for most of research projects (Roscore, 1975). Based on these evidence, a sample of 384 respondents have been selected from the target population.

Convenience sampling used to select sample from population. This method is suitable as it help researcher to collect data from population members who are conveniently available to provide the required information, and so provide the best way of collecting information quickly and efficiently (Sekaran & Bougie, 2013). Based on this method, each Islamic bank customer who visited the bank to make

transaction, or having an account on selected Islamic banks had an equal chance to be selected as respondent.

3.6 Measurements/Instrumentation

Measurement has been defined as the process of “allocating symbols/numbers to a characteristics of object according to the pre-specified set of rules” (Sekaran & Bougie, 2013). These numbers allow researcher to make statistical analysis from the data obtained and test hypothesis there from. The study used Nominal and Interval scale to determine respondents’ perception about the impact of service quality to customer satisfaction.

Nominal scale were used to assign number to genders’ responses from questionnaires distributions. Number one (1) assigned to male and number two (2) assigned to Female. Moreover, nominal scale was used to identify respondent’s experience status from using Islamic banks, respondent’s age, and income and employment status.

Interval scale on the other hand were used to assign numbers relevant statements regarding study variables which will be used to identify respondents’ perceptions about the relationship between variables. Using Likert scale, statements assigned number one (1) to five (5), helping to identify respondent’s extent of agreement on a given statement, which in turn help researcher to answer respective research questions. Scales range from 1 to 5, where number one(1) indicates Strongly not

agree with the statement, number two (2) means Disagree with the statement, number three (3) indicates neutral, number 4 indicates agree with the statement and number 5 indicates strongly agree with the statement.

To examine the relationship between independent and dependent variable, researcher used CARTER model designed by Owen et al. (2001), to capture customers' perception about service quality and its correlation with customer satisfaction towards Islamic banks services and products. CARTER is a multidimensional scale representing six dimensions of service quality adopted by Owen, et al, (2001), these dimensions are compliance, assurance, reliability, tangible, empathy and responsiveness items. In this study, these six items are considered as independent variables for which in their aggregate represent service quality.

3.7 Data Analysis Techniques

Quantitative approach is used to analyse the data obtained from questionnaire respondents. By using SPSS version 19, descriptive and inferential statistics were calculated to meet research objectives.

3.7.1 Descriptive analysis

Descriptive statistics are used to present and describe data results. Descriptive statistics are useful to simplify the data in manageable way. By using SPSS, statistical figures such as mean, mode, standard deviation and variances have been calculated to describe the result. Descriptive statistics are more useful to present

demographic variables of respondents. Respondents' characteristics such as gender, age, income level, education level, and experience can be easily described with relation to the study variables (Sekaran & Bougie, 2013).

Table 4.1 and 4.5 represent descriptive information about respondents in relation to the study variables. Respondents' demographic information are shown in Table 4.1 whereas Table 4.5 shows mean, mode, maximum, minimum and standard deviation of respondents for each of the study variables.

3.7.2 Correlation analysis

Correlation defines a statistical relationship between two variables. In other words, correlation is the degree to which two or more things are correlated to one another (Allen & Hunt, 2009). The value of correlation range from positive one (+1.00) to negative one (-1.00) which indicates perfect correlation. Correlation values between Zero (0) to negative one (-1.00) indicates negative (-) correlation, which means if one variable increase the other variable decrease. Correlation values between zero (0) to positive one (+1.00), indicates positive relationship between variables, which means increase in one variable lead to the increase in another variable or vice versa. The sign of correlation coefficient (+ or -) indicates the direction of relationship (Coakes, 2011).

In this study, Pearson correlation is used to measure the significance, strength and direction of bivariate relationship between independent variables and dependent

variable thereby achieving the objective of this study. Pearson correlation coefficient is used because it is suitable for interval scaled variables (Sekaran & Bougie, 2013). Correlation coefficients for all variables are shown in Appendix E of this study.

3.7.3 Regression Analysis

Regression analysis is convenient for giving descriptions about the relationship between independent variables and dependent variable. Multiple regression is used to express the relationship between independent variables and dependent variable. Multiple regression is multivariate technique that is used when there are more than one independent variable to explain the variance in the dependent variable (Sekaran & Bougie, 2013).

Multiple regression is used in this part because it's sufficient to provide means of objectively assessing the degree and character of the relationship between independent variables and dependent variable. According to Sekaran et al. (2013), the coefficient of regression shows how each independent variable is important in the prediction of dependent variable. Table 4.6, Table 4.7, and Table 4.8 show regression statistics for the study.

3.8 Reliability, Normality and Multicollinearity tests

Reliability of measure is an important aspect in data analysis to make sure the consistency and stability of measures (Sekaran & Bougie, 2013). In the current study, Cronbach's alpha is used to test for reliability and measurement consistency.

Cronbach's alpha is defined as a reliability coefficient that indicates the strength at which one item of a set is positively correlated to another item of the set (Sekaran & Bougie, 2013). Table 4.2 shows reliability statistics for all seven items of the instruments.

It is important to check whether or not that data follow normal distribution due to statistical assumptions that data follow normal distribution. The normality of data was tested by using skewness and kurtosis through SPSS. According to Coakes, (2011), Skewness and kurtosis indicates the distribution shape. If the distribution is exactly normal, the value of kurtosis and skewness is zero (0). When the value of skewness is positive, means the distribution is positively skewed and for kurtosis it shows the peaked distribution (Leptokurtic). On the other hand, when the value of skewness is negative, it indicates the negative skew of the distribution and for kurtosis, negative value indicates flatter distribution (Platykurtic).

Table 4.3 shows the test for data normality. Based on the results, the assumption of normal distribution has not been violated as indicated in the Table 4.3 and the graphs provided in Appendix B.

Multicollinearity test has been conducted and the results are shown in table 4.4. These results show that there is no multicollinearity problem and hence the assumption has not been violated.

CHAPTER FOUR

FINDINGS AND ANALYSIS

4.1 Introduction

This chapter provides the findings of the study through the results obtained from SPSS version 19. Based on the responses obtained from 255 questionnaires received from respondents, respondents' profiles, descriptive analysis, correlation and regression analysis are shown in this chapter. All 255 questionnaires collected from respondents were found useful for the analysis (no questionnaire was rejected).

4.2 Respondents' Profile

The respondents' profile for this study has been classified in five main categories; gender, age, type of employee, the period of being customer in a particular Islamic bank, and the amount of monthly income earned. Respondent's profile help in analysing the type of customers who form a large part of Islamic banks customers in Tanzania and the respondents' rate between male and female customers.

Respondents' profile from 255 respondents who filled up and return questionnaires are shown in Table 4.1. From the Table it can be seen that male respondents are 54.5% of the total respondents and female respondents are 45.5% of the total respondents. The study indicates more male are attending in Islamic banks as compared to female customers. In addition most of respondents are government employees forming 64.7% of the total respondents. Other types of employees form small portion of the Islamic banks' customers (Private 13.7% and self-employed 21.6%).

Age group between 20-29 years is dominant customers of Islamic banks in Tanzania under this study making 42.4% of the total respondents followed by age group from 30 to 39 years (35.3%) other age groups, (40-49 years make 10.2% of customers , age group below 20 years makes 10.2% and 50 and above form only 2%) of the total respondents. Data are shown in Table 4.1.

It is indicated that twenty eight point six per cent (28.6%) of respondents have monthly income between 200,000 TZS to 500,000 TZS, 27.5% have 50,000 to 200,000 TZS, 18% have monthly income of 500,000 to 1,000,000 TZS, 16.9% are below 50,000 TZS and only 9.0% earn monthly income of above 1,000,000 TZS.

Regarding the period of being a customer of a particular Islamic bank under the study, large part of respondents found to be customers of the respective Islamic banks for the period of 1 to 4 years (60%), 25.1% are customers for less than 1 year. Whereby customers with 7-10 years and >10 years make 9.0% and 5.9% respectively. Data are shown in Table 4.1.

Table 4.1: Respondents' profiles

	DESCRIPTIONS	FREQUENCY	PERCENTAGE
1	GENDER: Male	139	54.5%
	Female	116	45.5%
2	EMPLOYER:		
	Private	35	13.7%
	Government	165	64.7%
	Self employed	55	21.6%
3	AGE:		
	< 20 years	26	10.2%
	20-29years	108	42.4%
	30-39years	90	35.3%
	40-49 years	26	10.2%
	50 and above	5	2.0%
4	PERIOD:		
	< 1 year	64	25.1%
	1-4 years	153	60.0%

7-10 years	23	9.0%
> 10 years	15	5.9%
5 INCOME:		
< 50,000 TZS	43	16.9%
50,000 -200,000 TZS	70	27.5%
200,000 - 500,000 TZS	73	28.6%
500,000 TZS – 1,000,000TZS	46	18.0%
> 1,000,000 TZS	23	9.0%

Note: N = 255

4.3 Validity and Reliability of data

Questionnaire items have been adopted from Othman and Owen, (2001), and Wan et al. (2004). The instrument items have been validated by Othman and Owen, (2001) and, Wan et al. (2004) and found valid to measure service quality and customers' satisfaction.

Reliability measures the internal consistence and stability of data. Consistency indicates the strength to which set's items are positively correlated in measuring the concept. Cronbach's alpha reliability coefficient is used to measure the internal consistency reliability (Sekaran & Bougie, 2013).

Reliability test was conducted using Cronbach's Alpha and the results are shown in Table 4.2.

Table 4.2: Reliability statistics

Cronbach's Alpha	N of variables (items)
0.932	7

Table 4.2 above shows the test for reliability by using Cronbach's Alpha. Based on the data above the data deemed to be reliable since the aggregate Cronbach's Alpha is 0.932 for all seven variables. Higher Cronbach's alpha coefficient (approaching to one) means the internal consistency is highly reliable (Sekaran & Bougie, 2013). According to George and Malley, (2003), Cronbach's Alpha greater than 0.7 is acceptable, 0.8 is good and greater than 0.9 is excellent, while the value less than 0.5 is unacceptable. Based on this statement, the internal consistency reliability for this study is excellent, therefore, data are reliable.

Compliance has a Cronbach's Alpha of 0.920, assurance has a Cronbach's Alpha of 0.919, reliability has a Cronbach's Alpha of 0.922, tangible has a Cronbach's Alpha of 0.921, empathy has a Cronbach's Alpha of 0.913, responsiveness has a Cronbach's Alpha of 0.936 and satisfaction has Cronbach's Alpha of 0.919. Cronbach's Alphas for each individual variable are shown in Appendix C of this study.

4.4 Test for Data Normality

Test for normality of data is an important step in data processing and analysing the findings. This is because most statistical tests have an assumption that data has to follow normal distribution. In conducting tests like descriptive test, ANOVA, regression, correlation, etc., the assumption that data follow normal distribution must be met (Coakes, 2011). There are a number of statistics to test for normality

(Coakes, 2011). By using SPSS version 19, skewness and kurtosis test have been conducted to check for data normality in this study.

According to Coakes, (2011), skewness and kurtosis indicates the shape of distribution. If the distribution is exactly normal, the value of kurtosis and skewness is zero (0). When the value of skewness is positive (+), means the distribution is positively skewed (skewed to the right). For the case of kurtosis, positive (+) value indicates peaked distribution (Leptokurtic). Leptokurtic distribution have longer tail than normal distribution. On the other hand, when the value of skewness is negative (-), it indicates the negative skew of the distribution (skewed to the left) and for the case of kurtosis, negative (-) value indicates flatter distribution (Platykurtic). Platykurtic is the distribution which have shorter tail (Keller, 2010).

The results of the test indicate that the assumption of normal distribution has not been violated as the data are relatively normally distributed, though they are not exactly distributed normally. Results of the test are shown in Table 4.3.

Table 4.3: Test for normality of data.

VARIABLES	SKEWNESS	KURTOSIS
CUSTOMERS' SATISFACTION	-.183	-.752
TANGIBLES	-.476	.179
RELIABILITY	-.199	-.892
ASSURANCE	-.361	-.751
RESPONSIVENESS	-.136	-.138
EMPATHY	-.520	-.086
COMPLIANCE	-.075	-.055

Note: N = 255

From Table 4.3 above, the number of respondents (N) is 255. Customer satisfaction shows skewness of -.183 and kurtosis of -.752, tangibles shows skewness of -.476

and kurtosis of .179, reliability have a skewness of -.199 and kurtosis of -.892, assurance has skewness of -.361 and kurtosis of -.751, responsiveness has skewness of -.136 and kurtosis of -.138, where empathy and compliance have skewness of -.520 & -.075 and kurtosis of -.086 & -.055 respectively. Based on these findings, the assumption of the most statistical tests that data has to follow normal distribution has not been violated. Histograms and the shape of the normal distribution curves are shown in the graphs provided in appendix B of this study.

4.5 Multicollinearity Test

Multicollinearity is the situation where two or more independent variables are highly correlated (Coakes, 2011). This is frequently encountered in multiple regression and mostly occur when two or more independent variables are perfectly correlated (when correlation is +1 or -1) (Sekaran & Bougie, 2013). Multicollinearity provide a problem during the interpretation of any relationship between the independent variables and dependent variable (Coakes, 2011). Therefore among the assumptions for statistical tests such as multiple regression, and factor analysis, the problem of multicollinearity must be considered (Coakes, 2011).

Correlation matrix can be used to detect multicollinearity but in the presence of complex relationship between variables correlation matrix cannot detect multicollinearity problem. The common way to detect multicollinearity is by using tolerance value and variance inflation factor (VIF). VIF is the inverse of tolerance value. “The common cut off value is a tolerance value of 0.1, which corresponds to

VIF of 10” (Sekaran and Bougie, 2013, pg. 319). Table 4.4 shows the collinearity statistics for the data collected. Table 4.4 shows that there is no problem of multicollinearity since the value of VIF –variance inflation factor is less than ten (< 10) which is regarded as the cut-off value which is equal to the tolerance value of 0.10 (Sekaran & Bougie, 2013), (Tabchnick and Fidell, 2007). Based on this evidence, it is clear that the assumption for multicollinearity has not been violated.

Table 4.4: Multicollinearity analysis

	COLLINEARITY STATISTICS	
	TOLERANCE	VIF
TANGIBLES	.283	3.529
RELIABILITY	.331	3.021
ASSURANCE	.324	3.084
RESPONSIVENESS	.534	1.873
EMPATHY	.203	4.918
COMPLIANCE	.278	3.601

4.6 Descriptive Analysis

Descriptive statistics from the study are presented in Table 4.5 below with minimum and maximum values, mean and standard deviation for all study variables.

Table 4.5: Descriptive Statistics

	N	MINIMUM	MAXIMUM	MEAN	STD. DEVIATION
SATISFACTION	255	1.57	5.00	3.4969	.79264
TANGIBLES	255	1.00	5.00	3.4118	.83167
RELIABILITY	255	1.50	5.00	3.4647	.82304
ASSURANCE	255	2.00	5.00	3.7667	.74040
RESPONSIVENESS	255	1.80	5.00	3.4965	.63017
EMPATHY	255	1.22	5.00	3.6610	.75926
COMPLIANCE	255	1.40	5.00	3.5451	.83287
Valid N (list wise)	255				

Customers' satisfaction (Satisfaction) which is the dependent variable has a mean (M) of 3.4969 and a standard deviation (SD) of 0.79264 whereas maximum value is 5 and minimum value is 1.57. Tangible has a mean (M) of 3.4118 and standard deviation (SD) 0.83167, its maximum value is 5 and minimum value is 1. Reliability has a mean (M) and standard deviation (SD) of 3.4647 and 0.82304 respectively and its maximum and minimum values are 5 and 1.5 respectively. Assurance has a mean (M) and standard deviation (SD) of 3.7667 and 0.74040 respectively whereby its maximum and minimum values are 5 and 2 respectively. Responsiveness has a mean and standard deviation of 3.4965 and 0.63017 respectively, and its maximum and minimum values are 5 and 1.8 respectively. Empathy has a mean of 3.6610 and standard deviation of 0.75926 where its maximum and minimum values are 5 and 1.22 respectively. Compliance's mean is 3.5451 and its standard deviation is 0.83287 where its maximum and minimum values are 5 and 1.40 respectively.

4.7 Correlation Analysis

Correlation defines a statistical relationship between two variables. By using Pearson correlation coefficient and level of significance, the strength and the direction (+ or -) of relationship between variables can be analysed.

Correlation Table (Appendix E) indicates a significant strong positive relationship between dependent variable (customer satisfaction) and independent variables (tangibles, reliability, assurance, responsiveness, empathy and compliance). From the correlation analysis Table (Appendix E) it is observed that customer satisfaction (satisfaction) is strongly correlated with tangible ($r = .662, p < 0.01$). There is also strong positive relationship between satisfaction and reliability ($r = .662, p < 0.01$).

The relationship between satisfaction, assurance and responsiveness is also positive, strong and significant ($r = .688, p < 0.01$) & ($r = .519, p < 0.01$) respectively). Here it can be noticed that the correlation with assurance is stronger as compared to tangible, reliability and responsiveness. Moreover the relationship between satisfaction and other variables (empathy and compliance) are seen to be stronger compared to other variables. For empathy $r = .799, p < 0.01$ and for compliance $r = .758, p < 0.01$. This indicates that customer satisfaction is highly correlated with empathy and compliance as compared to other variables.

The relation between tangible and reliability, assurance, responsiveness, empathy and compliance is positive very strong and significant ($r = .771; .727; .456; .720; .679$) respectively, where $p < 0.01$. There is also strong, positive and significant statistical correlation between reliability and assurance, responsiveness, empathy, and compliance ($r = .656; .586; .660; .621$) respectively, where $p < 0.01$. Assurance is also strongly and positively correlated with responsiveness, empathy and compliance ($r = .590; .764; .677$) respectively, where $p < 0.01$ respectively. Similarly, responsiveness is positively correlated with empathy and compliance ($r = .582; .472$) respectively and this correlation is significant ($p < 0.01$). The correlation between empathy and compliance is positive and strong ($r = .841$) and significant ($p < 0.01$).

4.8 Regression Analysis and hypothesis Testing

The regression model summarised in Table 4.6 shows the values of R and R^2 . The value of R which indicates simple correlation between dependent and all independent variables is 0.832 ($R = 0.832$). This indicates high degree of correlation between the variables. R^2 is a determination coefficient which indicates the goodness of the model. The higher value of R^2 (approaching to one) indicates the fitness of the model to the data. R^2 coefficient measure the wellness to which regression line approximate the real data point (Sekaran & Bougie, 2013).

The value of R^2 explains the total variation extent (“by how much”) on dependent variable (Sekaran & Bougie, 2013). This shows “how much total variation on customer’s satisfaction can be explained by independent variables all together (i.e. compliance, assurance, reliability, tangible, empathy and responsiveness). Adjusted R^2 tends to adjust the value of R^2 for the model’s complexity and so to clarify more variances compared to simple model. Table 4.6 shows the values for R , R^2 Adjusted R^2 .

Table 4.6: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.832 ^a	.692	.684	.44537

In this study, it is observed that R^2 value is 0.692 ($R^2 = 0.692$), while the adjusted R-squared value is 0.684 (= 68.4%) which means one percentage change on independent variables explain 68.4% variances on dependent variable (customers’ satisfaction).

Table 4.7 below represent the finding from ANOVA analysis of the regression model for the study.

Table 4.7: ANOVA^b of regression model

	Sum of Squares	df	Mean Square	F	Sig.
Regression	110.393	6	18.399	93.758	.000 ^a
Residual	49.192	248	.198		
Total	159.584	254			

a. Predictors: (Constant), Compliance, Responsiveness, Tangibles, Assurance, Reliability, Empathy

b. Dependent Variable: Satisfaction

Using enter method, a significant prediction model emerged, $F(6, 248) = 93.758$, $p < 0.05$, and accounted for approximately 68% of variance of customers' satisfaction ($R^2 = 0.692$, Adjusted $R^2 = 0.684$). The model is seen to be fit for the data, though it is not perfectly fit.

4.8.1 Regression Coefficients

Table 4.8 provides multiple regression coefficients for each predictor in the model.

Table 4.8: Regression Coefficient^a Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.126	.171		.734	.464
COMPLIANCE	.234	.064	.245	3.668	.000**
ASSURANCE	.107	.066	.100	1.612	.108

RELIABILITY	.177	.059	.184	2.996	.003**
TANGIBLE	-.008	.063	-.009	-.129	.898
EMPATHY	.412	.082	.395	5.053	.000**
RESPONSIVENESS	.013	.061	.011	.218	.828

a. Dependent variable: SATISFACTION

**significant at 95% confidence level ($p < 0.05$)

Customer satisfaction is primarily predicted by empathy, compliance and reliability. Prediction values as shown on Table 4.8, $B = 0.412$, $Beta = 0.395$, $t = 5.053$, and $p < 0.05$ for empathy, $B = 0.234$, $Beta = 0.245$, $t = 3.668$, $p < 0.05$ for compliance, and $B = 0.177$, $Beta = 0.148$, $t = 2.996$, where $p < 0.05$ for reliability. To a lesser extent, customer satisfaction is predicted by responsiveness and assurance ($B = 0.0130$ and $Beta = 0.100$), $p = 0.828$ for responsiveness, and $B = 0.107$ and $Beta = 0.011$), $p = 0.108$ for assurance). Tangibles is a negative indicator of customer satisfaction ($B = -0.008$, and $Beta = -0.009$, $p = 0.898$). Responsiveness, assurance and tangibles are not significant predictors of customers' satisfaction in this model.

4.8.2 Hypothesis Testing

4.8.11 Relationship between service quality and customers' satisfaction

H1: There may be positive relationship between service quality and customers' satisfaction.

This study indicates a positive-significant relationship between service quality and customers' satisfaction. Table 4.8 indicates the value of R which represent correlation between dependent variable and all independent variables which is equal to 0.832 ($R = 0.832$). The value of R indicates high correlations between service quality model and customers' satisfaction. Based on these results, this study supports hypothesis (**H1**) stated above.

4.8.12 Relationship between service quality dimensions (compliance, assurance, reliability, tangibles, empathy and responsiveness) and customer's satisfaction. This is represented by hypothesis H2_a, H2_b, H2_c, H2_d, H2_e, and H2_f, as shown in page 28 of this study.

According to the findings from correlation Analysis, positive-significant relationship exist between customer satisfaction and stated variables (compliance, assurance, reliability, tangibles empathy and responsiveness). Pearson correlation analysis shows positive and significant association between customer satisfaction and all stated service quality dimensions. Customers' satisfaction is positively correlated with empathy ($r = 0.799, p < 0.01$), compliance ($r = .758, p < 0.01$), tangible ($r = .662, p < 0.01$), reliability ($r = .662, p < 0.01$), assurance ($r = 0.688, p < 0.01$) and responsiveness ($r = 0.519, p < 0.01$).

These results support hypothesis (**H2_a, H2_b, H2_c, H2_d, H2_e, and H2_f**) stated above. Hence, this study confirm that positive-significant relationship exist between

customers' satisfaction and service quality dimensions like compliance, assurance, reliability, tangibles, empathy and responsiveness in Tanzania Islamic banks.

4.9 Discussion of the results

The purpose of the study is to measure the relationship between service quality and customer satisfaction. Previous research suggested that positive relationship exists between service quality and customers' satisfaction (Parasuraman, Zeithaml, & Berry, 1985). The results of the study confirmed that service quality have significant relationship with customers' satisfaction. This study indicates that by establishing higher level of service quality, Islamic banks will have higher level of customers' satisfaction. This shows that service quality and customers satisfaction are positively correlated in Tanzanian Islamic banking. Based on the results, each of six constructs of service quality in CARTER model have significant relationship with customers' satisfaction. The results are consistent with previous studies by Othman and Owen, (2001), Osman et al. (2009), Amin and Issa, (2008), and Khafafa and Shafi, (2013), who stated that strong link exist between service quality and customer satisfaction.

For Tanzania Islamic banking assurance is the key driver of service quality having a mean of 3.778 followed by empathy and compliance (mean = 3.620 and 3.621 respectively). Other constructs, reliability, responsiveness and tangibles are ranked number 4, 5 and 6 respectively, having means of 3.474 for reliability, 3.473 for responsiveness and 3.383 for tangibles. The maximum value for each construct is 5.

Based on multiple regression model, service quality found to be significant predictor of customer satisfaction in Tanzanian Islamic banks. The model shows that approximately 68% of variance of customers' satisfaction ($R^2 = 0.692$, Adjusted $R^2 = 0.684$) is explained by the constructs of service quality. These results indicate that Islamic banks can increase customers' satisfaction through improving quality of their service. The results are consistent with the study by Akhtar et al. (2012), who stated that service quality is a significant predictor of customer satisfaction in Pakistan Islamic banks.

Indeed, the results indicate that empathy, compliance and reliability are the only significant predictors of customers' satisfaction in Tanzania Islamic bank. However, this study indicates higher association between empathy and customers' satisfaction. Empathy has regression coefficient of 0.412 ($B = 0.412$, and $Beta = 0.395$, $t = 5.053$), $p < 0.05$. Compliance is the second significant predictor of customers satisfaction with regression coefficient of 0.234 ($B = 0.234$ and $Beta = 0.245$, $t = 3.668$) $p < 0.05$. Reliability is third significant predictor with regression coefficient of 0.177 ($B = 0.177$ and $Beta$ of 0.184, $t = 2.996$) $p < 0.05$. Other variables, responsiveness, assurance and tangibles are not significant predictors of customers' satisfaction in this study.

However, this study contradict with the study by Khafafa and Shafi, (2013) who found responsiveness to be the strongest indicator of customers' satisfaction in Libyan Islamic banks followed by reliability, empathy and assurance. Moreover, the findings are not in line with the study by Othman and Owen, (2001) and Akhtar et al, (2012) who stated that compliance is the strongest predictor of customer satisfaction.

In addition, the study contrasts with the study by Amin and Issa, (2008) who stated that reliability is the strongest predictor of customers' satisfaction in Malaysian Islamic banks.

The findings of this study indicate that Tanzanian Islamic banks' customers may possibly be more attracted with those banks which are famous and easily accessible, having high confidentiality level, providing services with lower service charges, providing wide ranges of products, having short time for services anywhere and with ability to inspire confidence in customers. Moreover, compliance to Islamic principles is significant determinant for customer to choose Islamic bank. Customers are attracted by Islamic banks because they offer Shariah compliant services, through operating under Islamic principles and avoiding any interest based transaction.

Level of income, employment status and religious beliefs are assumed to be possible reasons for the deviations of the results of this study with previous studies. As respondents' profiles indicate, most of Islamic banks' customers have monthly income level between 200,000 TZS to 500,000 TZS which is considered lower to moderate monthly earning in Tanzania. Due to small income, customers may be more attracted with banks that have small service charge for banking facilities like operating an account, etc. Customers need variety of financial products that can easily facilitate possibility of getting financing and security of their financial transactions so as to build confidence with the bank. Either, most of Islamic banks' customers in Tanzania are government employees (forming 64.7% of total respondents in this study), short time of services can be regarded as more convenient

for these kind of customers due job commitments. By considering the results, the notion that Islamic banking in Tanzania is in large extent influenced by faith (Tripathi, Kasongwa and Beatus, 2013), is true. As indicated by this study, compliance to Islamic laws and regulations is the second main influence of customers' satisfaction. It is assumed that most of Islamic banks' customers in Tanzania are Muslims, therefore they need financial services that are in line with Islamic banking principles in order to meet their materialistic as well as spiritual needs.

Based on these results, research objectives stated in Chapter One (pg. 10) can be determined. For the primary research objective, the results of this study shows significant relationship between service quality and customers' satisfaction. Therefore, the primary objective of the study have been achieved. For specific research objective this study shows significant correlation between customers' satisfaction and all independent variables (compliance assurance, reliability, tangibles empathy and responsiveness), therefore, this research objectives have been met.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The purpose of this study was to examine the relationship between service quality and customers' satisfaction for Tanzania's Islamic banking. To achieve this objective, the researcher used service quality dimensions as independent variables and customer satisfaction as dependent variable. The combination of independent variables represent service quality, and therefore the relationship and the impact of service quality on customers' satisfaction has been examined. In addition, this research intended to examine the extent of variance explained by each individual service quality's dimension on customers' satisfaction. The study applied six dimensions of CARTER model developed by Othman and Owen, (2001) to determine the relationship between service quality and customers' satisfaction in Tanzanian Islamic banks.

This study has been conducted in Tanzania. Dar-es-salaam and Zanzibar have been selected as study areas because most of Islamic banks are located in these two cities. Study used convenience sampling to get the questionnaire respondents. 384 questionnaires were randomly distributed to customers who attending selected Islamic banks/Islamic bank division to make financial transactions or operating an account. Total of 255 questionnaires were collected and used for analysis of this study.

Descriptive analysis, correlation analysis and regression analysis have been used in this study to analyse the results in order to test hypothesis and to arrive at conclusion.

Regarding the primary objective, this study has revealed positive and significant relationship between service quality and customers' satisfaction in Tanzanian Islamic banks. Furthermore, it has been revealed that service quality is significant predictor of customers' satisfaction in Tanzanian Islamic banks.

Specifically, the study indicates strong relationship between empathy and customers' satisfaction followed by compliance and reliability. By using regression analysis, empathy, compliance and reliability were found to be significant predictors of customer's satisfaction in Islamic banks in Tanzania. Based on this study, empathy is ranked number one predictor for the outcomes of customers' satisfaction in Tanzania Islamic banking followed by compliance and reliability. Other variables, tangibles, assurance and responsiveness show positive correlation with customers' satisfaction, however, they were found to be non-significant factors of customers' satisfaction in Tanzanian Islamic banks.

In addition to the main objective, this study has revealed that there is lack of knowledge and clear understanding about Islamic banking among the customers. Based on the comments provided by respondents, Islamic banking practitioners are required to provide more knowledge to customers and surrounding society as well. Islamic banks were requested to conduct deliberate programmes through different

means including seminars, televisions and radio programmes, etc., to educate community about Islamic banking and its uniqueness from conventional banking.

In general, the findings of this study indicate significant association between service quality and customers' satisfaction. However, service quality dimensions namely empathy, compliance and reliability were found to be significant predictors of customers' satisfaction in Tanzania Islamic banks.

5.2 Implication of the study

The findings provide theoretical, political and practical implication to help the industry.

5.2.1 Theoretical implications

This study provide window for other researches regarding Islamic banking in Tanzania. There are various issues revealed by this research which requires more studies in order to find out solutions or improvements. Among others, Shariah compliance, banks' structures that support Islamic banking are among the area required to be taken much considerations by researchers in order to ensure the real Shariah compliance banking operations in Tanzania. In addition, this study may be used as a reference by other studies and hence expand literatures in the area of Islamic banking mostly in Tanzanian context.

5.2.2 Political implications

This study may help Tanzania government in planning process so as to help the industry. Through this study, government can see the weakness and importance of Islamic banking operations in Tanzania and therefore can take corrective measure on those weak areas to help the industry. Issues and challenges regarding Tanzania Islamic banking such as lack of clear financial framework which support Islamic banking, absence of national Shariah advisory board/committee, etc., has been highlighted in this study (Pg. 5 and 6). Therefore, by focusing on this study, the government may have a guideline to identify key challenges and hence develop better policy for industry development.

5.2.3 Practical implication

Findings of this study may certainly help Islamic banks to compete in Tanzania banking industry. By understanding the relationship between service quality and customers' satisfaction, bankers and other practitioners may see the importance of improving/ developing service quality programme for their services and products. Specifically, bankers may focus more on those area (compliance, empathy and reliability) suggested by this study to have strong and significant association with customers' satisfaction.

5.3 Recommendations

Based on the finding of the study the following recommendations are provided for further improvement of Islamic banking in Tanzania:-

Firstly, service quality improvement is important for Tanzania Islamic banks in order to attract more customers. Islamic banks have to focus more on those area which are directly related to customers' services such as tellers, ATM machines, speed of transactions, convenient operating hours, variety of financial products, low service charges, etc. Islamic banks must differentiate itself from conventional banks in terms of good service quality and hence make themselves customers' first choice.

Secondly, more knowledge is required for increasing awareness about Islamic banking and its products. Hence, Islamic banks have to take deliberate effort by conducting seminars and other means necessary to spread knowledge and increase awareness to existing and prospected customers.

Thirdly, compliance has been found to be one of the leading factors among service quality dimensions that have strong determination on variances of customers' satisfaction in Tanzania Islamic banking. Therefore it is recommended that, Shariah advisory committee must be set at the central bank of Tanzania (BOT) to supervise and assist Shariah compliance practices in Tanzanian Islamic banks' operations.

5.4 Suggestion for future researches

Scope of this study is only limited on examining the association of service quality with customers' satisfaction. But there may be many issues that have direct or indirect influence on customers' satisfaction on Tanzania Islamic banking. Issues relating to traditional beliefs, gender, political interference, etc. may possibly bring

greater effect on customers' willingness to select Islamic banks. Therefore, it is suggested that future researchers may broaden their scope and conduct research in these areas.

REFERENCES

- Ahmed, A., & Rehman, K.-u. (2010). An imperical investgaion of islamicbanking in Pakistan based on perception of service quality. *Aferican Journal ofBusiness Management*, 1185-1193.
- Akhtar, M. N., Hunjra, A. I., Abkar, S. W., Rehman, K.-U., & Niazi, G. S. (2011). Relationship between customer satisfaction and service quality of islamic banks. *World Applied Sciences Journal* 13 (3) , 453-459.
- Akkizidis, I., & Khandelwal, S. K. (2008). *Financial Risk Management for Islamic Banking and Finance*. New York, N.Y.10010: Palgrave Macmillan.
- Al-Hawari, M., & Ward, T. (2006). The effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction. *Marketing Intelligence and Planning*, 24(2), 127-47.
- Ali, A., & Ijaz, A. T. (2013). Assessing Service Attitude: Service Quality Measures Taken by Islamic Banks in Pakistan. *Journal of Business and Management (IOSR)*, 61-68.
- Amin , M., & Isa, Z. (2008). An examination of the relationship between service quality perception and customer satisfaction A SEM approach towards Malaysian Islamic banking. *International Journal of Islamic and Middle Eastern Finance and Management*, Vol. 1 No. 3., 191-209.
- Amoah-Mensah, A. (2010, 09 17). *Customer satisfaction in banking industry: A comparative study of Ghana and Spain*. Retrieved from Universitat de Gerona: handle.net/0803/22657
- Ananth, A., Ramesh, R., & Prabakaran, B. (2011). "Service Quality GAP Analysis in Private Sector Banks A Customer Perspective". *Internationally Indexed Journal*, Vol. II, Issue.1, 245-252.
- Ariss, R. T. (2010). Competitive conditions in Islamic and conventional banking: A global perspective. *Review of Financial Economics*, Vol. 19, No. 3, 101–108.

- Bashir, M. S. (2012). Analysis of Customer Satisfaction with the Islamic Banking Sector: case of Brunei Darussalaam. *Asian Journal of Business and Management Sciences*. Vol. 2 , No 10, 38 - 50.
- Bitner, M. J., & Hubbert, A. R. (1994). *Service Quality: New Directions in Theory and Practice*. Thousand Oaks: CA:Sage.
- Bowen, J. W., & Hedges, R. B. (1993). Increasing service quality in retail banking. . *Journal of Retail Banking*, 15 (3), 21-28.
- Central Intelligence Agency (US). (2012, 5 19, 09:53). Retrieved from CIA World Factbook: [http:// www.cia.gov](http://www.cia.gov)
- Chalu, H. (2014). Exploring the distinguishing features of Islamic banking in Tanzania. *Journal of Islamic Economics, Banking*. Vol-10, No.1, 110-138.
- Čihák, M., & Hesse, H. (2008). “Islamic Banks and Financial Stability: An Empirical Analysis”: *IMF Working Paper 08/16* . Washington: International Monetary Fund.
- Coakes, S. J. (2011). *SPSS: Analysis without anguish: Version 18.0 for windows*. 42 McDougall Street, Milton,Qld 4064: John Wiley & Sons Australia, Ltd.
- Cronin, J. (2003). Looking back to see forward in services marketing: some ideas to consider. *Managing Service Quality*, 13(5), 332-337.
- Cronin, J. J., & Taylor, S. A. (1994). SERVPERF versus SERVQUAL: reconciling performance- based and perceptions-minus-expectations measurement of service quality. *Journal of Marketing*, 58(1), 125–131.
- Der Velde., M. V. (1991). Customer-perceived quality drives retail banking in 90s. *Bank Management*, 29–35.
- Dusuki , A. W., & Abdullah , N. I. (2007). Why do Malaysian customers patronize Islamic banks? *International Journal of Bank Marketing*, 25(3) , 142-160.

- Eagle, L. (2009, May 14). *Banking on Sharia principles: Islamic banking and the financial industry*. Retrieved from Banker's Academy Briefings: http://www.bankersacademy.com/pdf/Islamic_Banking.pdf
- El Saghier, N., & Nathan, D. (2013). Service Quality Dimensions and Customers' Satisfaction of Banks in Egypt. ISBN: 978-1-922069-22-1. Dubai, UAE,: Proceedings of 20th International Business Research Conference.
- Ernst, & Young. (2013). *World Islamic Banking Competitiveness Report 2013–14*. 2013 Ernst & Young.
- Erol, C., & Radi El-Bdour. (1989). Attitudes, Behavior, and Patronage Factors of Bank Customers Towards Islamic Banks. *International Banking & Marketing* Vo 7, No.6, 31-70.
- Farooq, U., Raza, A., Saddique, U., Awan, S., & Amin, A. (2012). Customers' Satisfaction towards Islamic: Pakistan's Perspective. *Arabian Journal of Business and Management Review (OMAN Chapter) Vol. 1, No.6.*, 71-79.
- Fen, Y. S., & Lian, K. M. (2002). Service Quality and customer Satisfaction: Antecedents of customer's re-patronage intentions. *Sunway Academic Journal* 4, 59-73.
- Giese, J. L., & Cote, J. A. (2002). Defining Consumer Satisfaction. *Academy of Marketing Science Review, Volume 2000 No. 1*.
- Hair, J. F., Babin, W. C., Anderson, R. E., & Babin, B. J. (2010). *Multivariate Data Analysis: A Global Perspective*. Upper Saddle River, New Jersey 07458: Pearson Education, Inc.
- Hamzah, N., Ishak, N. M., & Mohd Nor, N. (2014). Customer Satisfaction on Islamic Banking System. *Journal of Economic, Business and Management, Vol. 3, No. 1*, 140-144.
- Haque, A., Osman, J., & Hj Ismail, A. Z. (2009). Factor Influences Selection of Islamic Banking: A Study on Malaysian Customer Preferences. *American Journal of Applied Sciences* 6 (5), 922-928.

- Haron, S., Ahmad, N., & Planisek, S. (1994). Bank patronage factors of Muslim and non- Muslim. *International Journal of Bank Marketing*, 12(1), 32- 40 .
- Haroon, R., Amin, W., & Ahmed, A. (2012). An Evaluation of Bank Customer Satisfaction in Pakistan, Comparing Foreign and Islamic Banks. *International Journal of Academic Research in Business and Social Sciences*, Vol. 2, No. 7, 177- 184.
- Hedges, R. (1993). Increasing service quality in retail banking. *Journal of Retail Banking*, Vol. 15, 21- 28.
- Hossain, M., & Leo, S. (2009). “Customer perception on service quality in retail banking in banking in Middle East: the case of Qatar”. *International Journal of Islamic and Middle Eastern Finance and Management*, vol.2, no.4, 338-350.
- Hossein, V., & Sahel, F. (2013). Factors influencing customer satisfaction with the success factors identified in the insurance industry. *African Journal of Business Management*, Vol. 7(21), 2026-2032.
- Karimi , A. (2005). *Techniques of selling professional insurance selling*. Iran: Iran Central research Center Publications, first edition.
- Keuhn , K., & Bley , J. (2004). Conventional Versus Islamic Finance: Student Knowledge and Perception in the United Arab Emirates. *International Journal of Islamic Financial Services*, 5(4).
- Khafafa, A. J., & Shafii, Z. (2013). Measuring the Perceived Service Quality and Customer Satisfaction in Islamic Bank Windows in Libya Based on Structural Equation Modelling (SEM). *Afro Eurasian Studies*, Vol. 2, Issues 1&2, Spring & Fall, 56-71.
- KKhattak, N., & Kashif-ur-Rehamn. (2010). Customer satisfaction and Awareness of Islamic Banking in Pakistan. *AfricanJournal of BusinessManagement*, 662-671.

- Krejcie, R. V., & Morgan, D. W. (1970). Determining sample size for research activities. *EDUCATIONAL AND PSYCHOLOGICAL MEASUREMENT*, 30, 607-610.
- Kumra, R. (2008). " *Service quality on rural tourism*" : A perspective Approach, *Conference on Tourism in India-Challenges Ahead*. India.
- Mamun, R., Hassan, M. K., & Ahmad, A. U. (2008). Quality Perception of the Customers towards Domestic Islamic Banks in Bangladesh. *Journal of Islamic Economics, Banking and Finance, Volume-5 Number-1*, 109-131.
- Maruak, D. S., Anuar, A., & Zainal, N. S. (2011). *A comparative study on Service Quality in Bank Islam (BIMB): Sngai Petani, Kedah*. 40450 Shah Alam, Selangor, Malaysia: Istitut Pengurusan Penyelindican;Universiti Teknologi Mara,.
- Maruak, D., Sadek, Z. N., Taher, M. S., Yahya, F. A., Shaharudin, R. M., Noordin, N., . . . Jusoff, K. (2010). Service Quality Perceptions between Cooperative and Islamic Banks of Britain. *American Journal of Economics and Business Administration* 2 (1), 1-5.
- Metawa, S. A., & Almosawi, M. (1998). Banking behaviour of Islamic bank customers: perspectives and implications. *International Journal of Bank Marketing*, 16(7), 299-313.
- Mihelis, G., Grigoroudis, E., & Siskos, Y. (2001). Customer satisfaction measurement in the private bank sector. *European Journal of Operational Research*, vol. 130, 347–360.
- Miller, K. F. (2008). *Service Quality in Academic Libraries: An Analysis of LibQUAL+™ Scores and Institutional Characteristics*. Orlando, Florida: Department of Educational Research, Technology, and Leadership in the College of Education at the University of Central Florida.
- Mostaghel, R. (2006). *Customer Satisfaction: service quality in online purchasing in Iran*. Iran: Lulea University of Technology, Department of Business Administration and Social Sciences-Division of Industrial Marketing and E-Commerce MSc.

- Msoka , C. M., & Msoka , E. M. (2014). Determinants of Customer Retention in Commercial Banks in Tanzania. *Journal of Finance and Bank Management*, Vol. 2, No. 1, 09-30.
- Mtui, E. G. (2011). *Assesment of customer service quality and customer satisfaction in the banking sector: The case study of National Microfinance bank Ltd Arusha*. Dar-es-Salaam: Edwin G. Mtui.
- Mudassar, K., Talib, S., Cheema , S., & Raza, M. S. (2013). The impact of service quality on customer satisfaction and the moderating role of word-of-mouth. *African Journal of Business Management*, Vol. 7(18), 1751-1756.
- Naser , K., Jamal , A., & Al-Khatib, L. (1990). Islamic banking: a study of customer satisfaction and preferences in Jordan. *International Journal of Bank Marketing*, 17(3). , 135-150.
- Okumus, H. S., & Genc, E. G. (2013). Interest free Banking in Turkey : A study of Customer Satisfaction and Bank selection . *European Scientific Journal edition vol.9, No.16*, 144 -166.
- Oliver, R. L. (1981). Measurement and evaluation of satisfaction process in retail settings. *Journal of Retailing*, No 57, 25-48.
- Ombati, T. O., Magutu, P. O., Nyamwange , S. O., & Nyaoga, R. B. (2010). Technology And Service Quality in the Banking Industry Importance and Performance of Various Factors Considered In the Electronic Banking Services. . *African Journal of Business Management*, Vol. 1, 151-164.
- Osman, I., Ali, H., Zainuddin, A., Wan Rashid, W., & Jusoff, K. (2009). Customers Satisfaction in Malaysian Islamic Banking. *Intenational Journal of Economics and Finance*, Vol 1, No. 1, 197-202.
- Othman, A. Q., & Owen, L. (2001). The Multi Dimensionality of CARTER Model to measure customer Service Qaulity (SQ) in Islamic Banking Industry: A study in Kuwait Finance House. *International Journal of Islamic Financial Services Vol. 3 No. 4*, 1-12.

- Owen, L., & Othman, A. Q. (2003). Adopting and measuring customer Service Quality (SQ) in Islamic banks: A case study in Kuwait Finance House . *International Journal of Islamic Financial Services, Vol. 3. No. 1*, 1-12.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A Conceptual Model of Service Quality and Its Implication for Future Research. *Journal of Marketing, Vol. 49*, 41-50.
- Raza, A., Saddique, U., Farooq, U., Awan, S., & Amin, A. (2012). Customers' Satisfaction towards Islamic Banking: Pakistan's perspective. *Arabian Journal of Business and Management Review (OMAN Chapter) Vol. 1, No.6*, 71-79.
- Roscore, J. T. (1975). *Fundamental Reserach Statistics for the Behavioural Science. 2nd Edition*. New York: Holt Rnehart & Winston.
- Rose, P. S., & Marquis, M. H. (2006). *Money and capital markets: Financial institutions and instruments in a global marketplace. (9th ed.)*. New York : McGraw-Hill Irwin.
- Ruyter, K. (1997). Measuring service quality and service satisfaction: an empirical test of an integrative model. *Journal of Economic Psychology, 18*, 387-406.
- Salim, K. A. (2012, March 14). *Islamic Banking in Tanzania: Hopes and Challenges*. Retrieved from Islamic banking and Islamic Insurance: <http://khalfanabdallah.blogspot.com/2012/03/islamic-banking-in-tanzania-hopes-and-challenges.html>
- Sekaran, U., & Bougie, R. (2013). *Research Methods for Business: A skill-building Approach; Sixth Edition*. The Atrium, Southern Gate, Chichester, West Sussex, PO 98SQ, United Kingdom: John Wiley & Sons Ltd.
- Seyyed , M. A., & Ghaedi, M. (2012). A survey on the relationships between customer satisfaction, image, trust and customer advocacy behavior. *African Journal of Business Management Vol. 6(8)*, 2897-2910.

- Sharma, A., & Mehta, V. (2005). Service quality perceptions in financial services-A case study of banking service. *Journal of services reasearch*, 4 (2), 205-223.
- Stafford, M. (1994). "How customers perceive Service Quality (SQ)", . *Journal of Retail Banking*, 17 (2), 29 – 38.
- Sureshchandar, Rajendran, & Ananthraman. (2002). The Relationship Between service quality and customer satisfaction. Factor Specific Approach. *Journal of Service Marketing*, Vol.16, (No.4), 363-379.
- Tabachnick, B. G., & Fidell, L. S. (2007). *Using Multivariate Statistics*. Boston ,New York ,San Francisco: Pearson.
- Tayyebi, A. (2008). "*Islamic Finance: An ethical alternative to conventional finance*". Retrieved from The Association of Chartered Certified Accountants:
http://www.acca.co.uk/pubs/general/activities/library/financial_reporting/other/tech_tp_if6pp.pdf
- Tripathi, S., Kasongwa, L., & Beatus, C. (2013). Important Issues in Growth of Islamic Banking Services in East African Context: Study of Selected Banks in Dar Es Salaam, Tanzania. *International Journal of Research in Business and Technology*, Volume 3 No. 2, 169 -176.
- Tsoukatos, E., & Rand, K. (2007). Cultural influences on service quality and customer satisfaction: Evidence from Greek insurance. *Manag. Serv. Qual.* 17(4), 467-485.
- Wan Muhammad, Z. W., Muhammad , R. A., & Shukor, S. A. (2013). *A Vehacle Financing comaparative study between Ijarah in Maybank Berhad and Bai bithaman Ajil in Bank Islam Malaysia Berhad*. Malaysia: University Sains Islam.
- Wan, A., Shafie, S., Nursofiza, W., & Haron, S. (2004). Adopting and measuring customer Service Quality in Islamic Banks: A case study of Banks Islam Malaysia Berhad. *Journal of Muamalat and Islamic Finance Research*, Vol. 1, No.1.

Wirtz, J., & Lee, M. C. (2003). An Examination of the Quality and Context-Specific Applicability of Commonly Used Customer Satisfaction Measures. *JOURNAL OF SERVICE RESEARCH*, 345 - 355.

worldpopulationreview.com. (2013, 12 6).
worldpopulationreview.com/countries/tanzania-population. Retrieved from
Tanzania Population 2013: <http://worldpopulationreview.com>

Zeithaml, V. A., Parasuraman, A., & Berry, L. L. (1990). *Delivering quality service: Balancing Customer perceptions and expectations*. Free Press, New York, NY.