Impact of Service Quality on Customer Loyalty and Customer Satisfaction in Islamic Banks in Malaysia.

Abstract

Purpose: The main emphasis of the current study was to examine the impact of service quality on customers' satisfaction and loyalty in the context of Islamic banks in Malaysia. Although the dimensions of service quality (i.e. tangibility, responsiveness, and compliance) and customer satisfaction has been considered as moderating variable to analyse its influence on customer loyalty.

Design/Method: The current research is quantitative in nature which has been conducted by using a survey questionnaire based on the convenience sampling method. Data has been gathered from 300 customers of different Islamic banks in Malaysia. For data analysis, SPSS was used, and correlation was run to examine the strength of relationships among variables. Additionally, regression and moderating analysis were also developed to analyse the impact of service quality dimensions on customer loyalty.

Findings: The key findings revealed that average respondents showed an “Agree” response in the dimensions of service quality. Results in correlation analysis indicate that there is a significant positive relationship between all variables. Additionally, regression analysis has also demonstrated that tangibility and compliance have a significant positive influence on customer loyalty. Similarly, from moderating analysis, it has also been supported that tangibility and compliance moderating with customer satisfaction have a positive influence on customer loyalty. Therefore, it is essential for Islamic banks to ensure the tangibility and compliance in their service quality.

Implications: The findings in the current research can be used by the policymakers in the context of Islamic banks to overall enhance the quality of customer’s services.

Keywords

Service Quality, Customer’s Satisfaction, Customer’s Loyalty, Islamic Banks, Customer’s Satisfaction in Malaysia, Satisfaction