

The Influence Of Service Quality Toward Customer Satisfaction Of Islamic Sharia Bank

¹Muhammad Ali Ramdhani, ²Abdullah Ramdhani and ³Dinar Mariam Kurniati

¹Faculty of Science and Technology, UIN Sunan Gunung Djati, Indonesia.

²Faculty of Economic, Garut University, Indonesia.

³Faculty of Economic, Garut University, Indonesia.

Abstract: The aim of this study is to know the effect on service quality Islamic banking services business in Indonesia and its impact on customer satisfaction. The results showed that the model is built based on theoretical studies that have met the criteria for conformity with the value of RMSEA and GFI .951 .035. The Factors consists of compliance, assurance, reliability, tangible, empathy, and responsiveness, with a result of 80.10% to customer satisfaction, which consists of availability of service, responsiveness, professionalism, speed of transaction and completeness.

Key words: Carter model, SERVQUAL model, Customer Satisfaction.

INTRODUCTION

Islamic sharia banking as an institution that provides banking services based on Islamic principles continued to grow since the enactment of Law No. 7 of 1992 and Act No. 10 of 1998. Islamic banking is an important asset to spur economic growth of the Indonesian nation, because the concept of sharia has been proven to be a solution that supports the nation's economy when Indonesia was hit by the economic crisis at the end of the last decade. Although until December, 2009 construction of sharia banking has only reached Rp. 56 trillion, however, Bank Indonesia has projected total assets of Islamic banking will reach Rp 171.35 trillion, or 9.1% of the national banking asset growth in 2011 (Bank Indonesia, 2009). Moreover, Law Number 42 Year 2009 regarding value added tax, which remove the double taxation (ie tax that can inhibit the growth of Islamic banking) will take effect immediately.

Furthermore, Othman and Owen (2001) underscores why the Islamic bank should be concerned about the quality of service (service quality). They mention two important reasons. First Islamic bank products and services are perceived by customers to have high quality religious value because it is based on the concept of religion (Islam), where the business practices of sharia banks believed to be part of worship. Second, the adoption service quality in the Islamic bank is important because it relates to cost, profitability, customer satisfaction, customer retention, positive word of mouth, and as a driver of corporate marketing and financial performance.

Quality and customer satisfaction are closely related. Quality provided by a company to give an impetus to the customer to establish strong ties with the company. These bonds in the long term enable the company to thoroughly understand customer expectations and their needs. Thus, these companies can increase customer satisfaction where the company maximizes its customers enjoyable experience and minimize or eliminate unpleasant customer experience. Companies that fail to satisfy the service will face a complex problem. Therefore, any mandatory service companies are planning, organizing, implementing, and controlling the quality system so that service can satisfy its customers. Assessment of quality of service at the Islamic banking business was developed by Othman and Owen (2001) based on the dimensions CARTER, namely: Compliance, Assurance, Reliability, Tangible, Empathy, and Responsiveness.

Research by Othman and Lynn Owen of the University of Wales in 2001 to develop models of service quality measurement is more appropriate when used in measuring the service business which is run by Islamic principles, particularly Islamic banking business. The model developed is then referred to as Model CARTER, based on three things as follows:

1. Previous research that tries to build and test a model of service quality measurement.
2. Culture and religious background of Islamic bank customers.
3. The similarity of the basis and reasons for the establishment of Islamic bank.

CARTER model developed by Othman and Owen (2001) is the result of efforts to implement the achievement of service quality measurement in the banking services business based on sharia principles. CARTER add a one-dimensional model of the five dimensions of SERVQUAL model, namely compliance, defined as the ability to comply with sharia principles and operated by running the banking and economic

Corresponding Author: Muhammad Ali Ramdhani, Faculty of Science and Technology, UIN Sunan Gunung Djati, Indonesia.

E-mail: m_ali_ramdhani@yahoo.com

principles of sharia (the ability to fulfill with Islamic law, and operate under the principles of Islamic Banking and economies).

Literature Review:

Research on quality of service currently has received special attention from marketing researchers. Below is a summary of results of previous studies regarding the service quality and its influence on satisfaction, published in various scientific journals.

Table 1: Summary of previous research on service quality.

Research	Dimension						Service Quality Model	Statistical Technique	Result
	C	A	R	T	E	R			
<ul style="list-style-type: none"> Fornell (1992, 1996) in Jhonson et. al (2000), The ACSI (2004) 		√	√	√	√	√	SERVQUAL	Structural Equation Model	Employee satisfaction will provide a quality service will encourage employee loyalty, both internal (employees), and eventually will encourage the creation of an external service which then determines external customer satisfaction
Othman, et. al., (2001)	√	√	√	√	√	√	CARTER	Factor Analysis	It is important for banks to apply the Islamic-based customer service quality programs in order to improve the way of providing services and products to our customers therefore Othman added dimension of Compliance (ability to apply the principles of sharia) to complement previous service dimensions (SERVQUAL).
Chan, et. al., (2003)		√	√	√	√	√	SERVQUAL	Structural Equation Model	The HKCSI, inspired by the similar efforts made in Sweden and the USA (Fornell, 1992; Fornell et al., 1996), aims towards that objective. As the quality of business activities can be best measured, and in fact must be measured from the consumer's perspective, the HKCSI is a new type of consumer-oriented economic performance indicator representing the quality of products-commodities and services-sold in Hong Kong as evaluated by Hong Kong consumers.
Irawan (2003); Swa (2005)		√	√	√	√	√	SERVQUAL	Logistic Regression	Total Satisfaction Score/ TSS is a cumulative of satisfaction with the quality Satisfaction Score/ QSS and satisfaction with its value (Value Satisfaction Score/ VSS).
Mangku Rasywal (2009)	√	√	√	√	√	√	CARTER	Classic assumption test (multi-collinearity and auto-correlation)	Based on the test-F with the F-Test for significant in Simple Linear Regression found a significant difference simultaneously from all six dimensions of service quality (Quality Services) of total satisfaction (Overall Satisfactions).

Legend/ Description of Table 1:

- C : Compliance
- A : Assurance
- R : Reliability
- T : Tangible
- E : Empathy
- R : Responsiveness

Methodology:

Research Model and Hypotheses:

To create a good performance, the bank can't avoid the function of customer service. The services provided to customers will reflect the bank's good or not good. Research has shown that the percentage of customers who decided to retain certain bank services because the services they received no satisfaction or perceived well. In other words, one of the factors that boosted its market share is improving the quality of services. Service quality is an obligation for banks. Service is the key to the success of a bank. Therefore the service should be factored banking management concern in running a business. Based on the literature review above, the main hypothesis in this paper is "Quality service in the Islamic banking business affects customer satisfaction." While structural equation model depicted as follows:

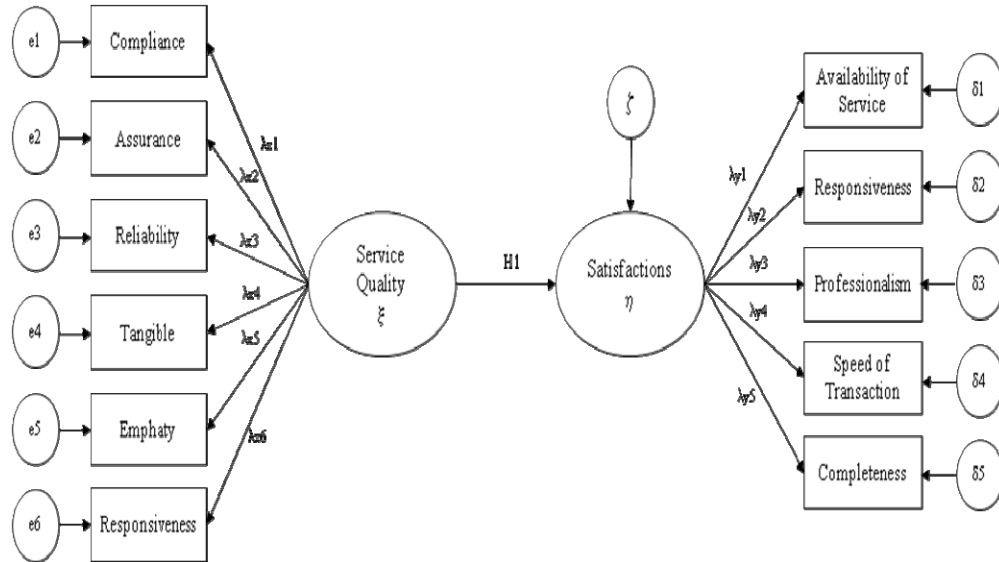


Fig. 1: Model Structural equation of the factors that form the services quality and its the impact on customer atisfaction

Research Design:

The study was conducted by distributing questionnaires to 184 respondents, in which, samples were selected by systematic random sampling approach with sample size determined Based on the research Hair *et al.* that the number of samples in research using SEM can be determined by multiplying the number of indicators observed (31 indicators) with minimum and maximum number of indicators (5-10) observation, as the sample is between 155-310 people research. Target population is a customer of the Garut Branch of Syariah Mandiri Bank who have savings. Variables used in the research is Quality Service as the variable X and Satisfaction as the variable Y.

Data was collected through a questionnaire with the size of each variable are summarized in table 2. The questionnaire used is a closed question using Likert attitude scale, in which consumers were asked their opinions for each indicator of each variable.

Discussion:

The results show that the normal distribution of data (≤ 2.58). This is indicated by its critical value ratio of 18.0 Amos output is between -2.58 to 2.58 ($-2,58 \leq CR \leq 2,58$). Tests on the SEM model aims to test whether the model based on the theoretical framework can be accepted or needs modifications. Suitability test results are summarized in table 2 models of the following:

Based on Table 3., the model can be said to fit by looking at the value of RMSEA, GFI, and Cmin is greater than the cut off value. Chi Square value indicates great value, but can be tolerated given the Chi Square is strongly influenced by the number of samples, where the greater the observed sample size, the greater the value produced by Chi Square.

To strengthen the results of testing goodness of fit test, tested by the value of the standardized residual matrix. If there is a residual value greater than 2.58 or the value of z statistics at 1% significance level (Hair *et al.*, in Ferdinand, 2000), means the model needs to be modified or re-specification. The test results of variables that have been estimated in the model showed that the standardized residual matrix was found not greater than 2.58. Thus, the model is acceptable and does not need modification.

After testing the suitability of the research model, then the next stage is to test the causality hypothesis developed in the research model. to test the hypothesis of causality is developed in this model, the null hypothesis to be tested states that the regression coefficient between the relationship is equal to zero through the usual t-test in regression models. Table 4 presents the values of regression coefficients and t-counted.

In Table 4., through the observation of the value of CR (Critical Ratio) which is identical with t-test in regression, shows that all regression coefficients significantly different from zero, because the null hypothesis that the regression weight is equal to zero is rejected, then the hypothesis alternative causal relationship between service quality and satisfaction are presented in the model was acceptable.

Table 2 : Variable Operationalization.

Variable	Dimension	Concept	Indicator	Symbol
Service Quality (Othman <i>et. al.</i> , 2001)	1. Compliance	Ability to meet Islamic principles and operating practice of the principles of Islamic banking and economics.	Operates in accordance with Sharia principles	X1
			Islamic banking products free of riba (interest)	X2
			Employees of Islamic bank behave according to Islamic morality	X3
	2. Assurance	Knowledge and ability to provide trust and confidence to customers. Including verbal and written communications between the bank staff with customers.	The level of product knowledge of employees	X4
			Security of transactions	X5
	3. Reliability	The ability to provide the promised services accurately .	The degree of fulfillment of the promised services	X6
			Accuracy of recording a print out of transactions	X7
			Islamic bank ATM Services	X8
	4. Tangible	Appearance of physical facilities, equipment, personnel, and means of communication.	Islamic bank building.	X9
			Islamic Bank Room	X10
			Employees' looks of Islamic banks	X11
			Design of layout seating queue	X12
			Number of teller	X13
	5. Empathy	Personal attention provided by Islamic banks to their customers	ATM Network	X14
			Attention to customers	X15
	6. Responsiveness	Willingness to help and provide good service to customers.	The ability to listen to customer complaints	X16
			Employees' ability to understand customer desires.	X17
			Waiting time for customers to obtain bank services	X18
Customer Satisfaction (Suprianto, 2006)	1. Availability of Service	A level of existence where the customer can contact with the service provider.	Willingness of employees in helping customers	X19
			Speed in dealing with problems	X20
			Satisfaction in BSM access location.	Y1
	2. Responsiveness	A degree to which service providers respond rapidly to customer demand.	Satisfaction with checking facility through internet banking transactions	Y2
			Satisfaction in using the products offered by banks	Y3
	3. Professionalism	The degree to which providers use behavior and professional style appropriate for working with clients	Responsiveness of employees in service.	Y4
			Responsiveness of employees in dealing with complaints	Y5
	4. Speed of Transaction	The degree to which work can be carried out within the time frame in accordance with the agreement.	Customer satisfaction by the treatment of employees.	Y6
			Hospitality shown by every employee to its customers in every situation	Y7
	5. Completeness	The degree to which the work can be completed.	Speed employee in completing the work.	Y8
			Speed employee in completing responsibilities in a time frame that has been approved.	Y9
	5. Completeness	The degree to which the work can be completed.	Employees can provide a complete service to customers	Y10
			Employees can relied upon in terms of completing the job with complete and appropriate purposes.	Y11

Table 3: Goodness of fit test.

Goodness of Fit	Critical Value	Result	Description
Chi Square	Small	52,9	Good
Probability	≥ 0,05	0,143	Good
RMSEA	≤ 0,08	0,035	Good
CMIN/DF	≤ 2,00	1,230	Good
GFI	≥ 0,90	0,951	Good
AGFI	≥ 0,90	0,924	Good
CFI	≥ 0,95	0,980	Good
TLI	≥ 0,95	0,974	Good

Table 4: Parameter Estimation.

			Estimate	S.E.	C.R.	P	Label
<i>Satisfaction</i>	←	<i>Service Quality</i>	.708	.135	5.248	***	par_10
<i>Compliance (X₁)</i>	←	<i>Service Quality</i>	1.325	.197	6.711	***	par_5
<i>Assurance (X₂)</i>	←	<i>Service Quality</i>	.986	.161	6.117	***	par_4
<i>Reliability (X₃)</i>	←	<i>Service Quality</i>	1.096	.163	6.711	***	par_3
<i>Tangible (X₄)</i>	←	<i>Service Quality</i>	1.014	.157	6.450	***	par_2
<i>Empathy (X₅)</i>	←	<i>Service Quality</i>	1.082	.163	6.624	***	par_1
<i>Responsiveness (X₆)</i>	←	<i>Service Quality</i>	1.000				
<i>Availability of Service (Y₁)</i>	←	<i>Satisfaction</i>	1.000				
<i>Responsiveness (Y₂)</i>	←	<i>Satisfaction</i>	1.262	.209	6.027	***	par_6
<i>Professionalism (Y₃)</i>	←	<i>Satisfaction</i>	1.295	.241	5.369	***	par_7
<i>Speed of Transaction (Y₄)</i>	←	<i>Satisfaction</i>	.992	.199	4.978	***	par_8
<i>Completeness (Y₅)</i>	←	<i>Satisfaction</i>	1.114	.202	5.524	***	par_9

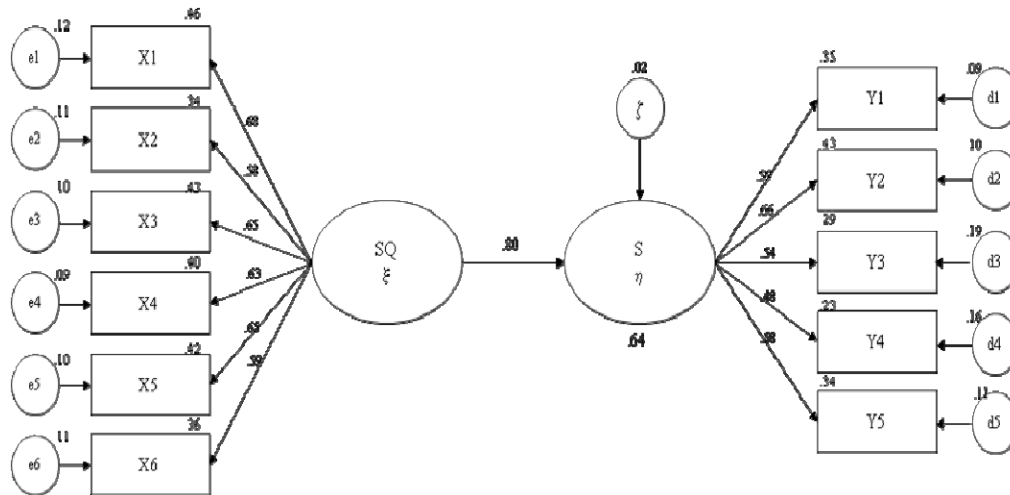


Fig. 2: Structural Equation Model Factors Forming Service Quality and Its Effect on Customer Satisfaction.

Functional relationship between service quality and satisfaction can be described in the following equation:

$$\text{Satisfaction (Y)} = 0.80 \text{ Service Quality (X)} + 0.36 \epsilon \dots r^2 = 0.64$$

Based on these equations, can be explained that each increase of 100% quality of service, will take effect to increase customer satisfaction by 80% and vice versa. The contribution of service quality on customer satisfaction is 64% and the remaining customer satisfaction is determined by other factors not examined in this study is 36%.

While the dimensions that make up service quality and satisfaction can be seen from the loading factor on the model. Dimensions that make up a construct is a loading factor value above 0.5. In Figure 2, shows that the dimensions that shape the quality of service has a value of loading factor >0.5. This means that the dimensions CARTER (Compliance, Assurance, Reliability, Tangible, Empathy, and Responsiveness) is forming dimension of service quality in the Garut branch of Syariah Mandiri Bank. As for the constructs of satisfaction, there is one dimension that has a loading factor value is less than (> 0.5), namely the Speed of Transaction.

Conclusion:

Service Quality is a big influence on customer satisfaction. The dimensions are very supportive of the formation of service quality for sharia-based service businesses is compliance, followed by the assurance, empathy, reliability, responsiveness and tangible. While the former dimensions of satisfaction are professionalism, responsiveness, completeness, availability of service and speed of transaction. Regarding to findings in this study, that the lowest dimension of service quality is the creation in *Tangible* dimension. Therefore, the Bank should begin to consider the indicators that make up this dimension and then make it happen, such as adding a number of *tellers* who according to research results, most of the customers claimed the number was not adequate. While the dimensions of which should begin forming satisfaction is enhanced *Speed of Transaction* or the speed of transactions between customers and employees. Its realization can be done by increasing the number of employees in flexible if an additional number of customers that come in a certain time (eg Hajj). This can maintain the level of customer satisfaction.

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