

Customer Satisfaction in the Digital Era: Evidence from Islamic Banking

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Abstract:

Purpose: Based upon an extended SERVQUAL model, this paper attempts to contribute to the Islamic banking literature by examining the impact of digitalization, as a service quality dimension, on customer satisfaction. **Design/methodology/approach:** Two dimensions, i.e. digitalization and compliance are added to the existing SERVQUAL model of five dimensions. Results are drawn from a self-completed survey of a convenience sample of 145 Tunisian Islamic bank customers. Factor analysis and regression analysis are used to ascertain factor structure and determine the impact of service quality dimensions, especially digitalization, on customer satisfaction in Islamic banking. **Findings:** The factor analysis extracted five dimensions of service quality, i.e. confidence, compliance, digitalization, tangibles and human skills. The paper demonstrates positive and significant relationship between the main dimensions of customer service quality and customer satisfaction, except for tangibles. **Research limitations/implications:** Although the outcomes lend support to the extended SERVQUAL model, the results are derived based on a relatively small sample size in one country (Tunisia). This limits the generalizability of the study results. It might also be useful to enlarge the study sample and include comparison between Islamic versus conventional banking about service quality and customer satisfaction. **Managerial implications:** To remain competitive, Tunisian Islamic banks need to pay attention to the way the services are delivered and not take it for granted that customers are only focusing on compliance. Dealing henceforth with Generation Y customers, they must persevere in bringing their customer service into the digital era. **Originality/value:** This study is one of few which try to investigate the drivers of customer satisfaction for Islamic banks in a Digital Era. It reveals that although customers pay special attention to Sharia' laws, the way services are delivered matters to them too. From now on, digital banking must appear among the Islamic bank features to stay relevant in the Digital Era.

Keywords: Service quality, SERVQUAL model, Customer satisfaction, Digital banking, Islamic banks.

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