




A Research on the Satisfaction of Islamic Banking Customer Services in Riau Province During the Covid-19 Pandemic

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ABSTRACT

This research is motivated by curiosity about Islamic banking services in Riau Province during the Covid-19 pandemic. This research is a field research with survey technique. The data analysis technique uses descriptive statistics with a frequency distribution. The results of the research found that there are still many Islamic bank customers who do not know about specific Islamic bank products such musyarakah products, mudharabah products, ijarah products, and rahn services. The results also found that religious reasons are the main factor for customers in choosing of Islamic banks. The factor of ease of access to more branches is the main reason customers use both types of banks. Finally, the results of the research found that the most Islamic bank customers are satisfied with various aspects of the services provided by Islamic banks. while the five service aspects with the highest level of customer satisfaction are Islamic bank staff friendliness, Islamic bank name and image, Islamic bank employee skills, confidentially Islamic bank customer data, as well as various kinds of facilities offered by Islamic banks.

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INTRODUCTION

Functioning as an intermediary institution, the Islamic banking sector in Riau Province (one of the provinces in Indonesia) must be able to gain public trust as a financial institution that has good credibility. Thus, Islamic banking is required to have competitiveness as an effort to create a good image for its market share (Iskamto, 2016). Therefore, Islamic banks must be sensitive to customer satisfaction. Customer satisfaction is one that must be maintained by Islamic banks in the midst of competitive dynamics with competitive conventional banking. Islamic bank customer satisfaction will be realized by maximizing pleasant experiences, and minimizing unpleasant experiences felt by customers. Customer satisfaction will also have an impact on the creation of obstacles, switching costs, and customer loyalty (Iskamto, 2012; Iskanto & Yapentra, 2018). In the midst of the Covid-19 virus outbreak, Islamic banking is still required to provide excellent banking services. With the implementation of new normal by the government, offices have been allowed to resume their activities (Gultom, 2021; Iskanto & Risman, 2018). This includes bank that are allowed to provide services to their customers directly or face-to-face. Based on this explanation, this research was

conducted with the title “A Research on the Satisfaction of Islamic Banking Customer Services in Riau Province During the Covid-19 Pandemic”.

LITERATURE REVIEW

Islamic Banking Products and Services

Naser *et al* (2013) identified several products and facilities that can be provided by Islamic banking including checking accounts, time deposits, musyarakah, mudharabah, murabahah, ijarah, qardh, letters of credit (L/C), buying and selling foreign exchange, rahn, and bank guarantees.

Islamic Bank Selection Criteria

Abduh *et al.* (2018), Herman (2021), Nasfi & Saputri (2021) and Naser *et al* (2013), examines the factors behind customers in choosing Islamic banking among others, only religious reasons, just profit reasons, religious reasons and profits, advice from relatives, advice from friends, the recent financial crisis proves that it is safer to deal with Islamic banks, effective online services, effective SMS service, Islamic bank credibility, Islamic bank secrecy, Islamic bank branch location, low service fees, effectiveness of Islamic banks in completing transactions, various kinds of facilities offered by Islamic banks, quality of advice provided by Islamic bank employees, reputation of Islamic banks, trust in the management of Islamic banks, trust in the Sharia Supervisory Board, friendliness of Islamic bank staff, and Islamic banks offer the same facilities as conventional banks but Islamic bank also pay attention to the principles.

Factors Utilizing Both Types of Banks

Naser *et al* (2013) also measures the reasons behind customer in utilizing both types of banking (Islamic banking and conventional banking), among others, Islamic banks do not offer several facility products as offered by conventional banks, Islamic banks do not offer many facility products. As offered by conventional banks, the limited opening hours of Islamic banks, opening two accounts provides an opportunity to diversify investment, and both types of banks have limited number of branches, and opening two accounts can provide access to more branches.

Customer Satisfaction with Sharia Banking Services

Naser *et al* (2013) and Khamis & AbRashid (2018) identify factors that can affect customer satisfaction with the services provided by Islamic banking including advice given by Islamic bank employees, Islamic bank employee skills, Islamic bank employee qualification level, trust in the Sharia Supervisory Board, trust in Islamic bank management, service fees offered by Islamic banks, number of branches from Islamic banks, Islamic bank opening hours, efficiency and speed of Islamic banks in completing transactions, customer confidentiality, various kinds of facilities offered, name and image of Islamic banks, Islamic bank staff friendliness, compliance with Islamic bank furniture, parking facilities provided for Islamic bank customers, efficiency in handling problems through telephone service, Islamic bank architectural design, Islamic bank internal arrangement design, advertising existing products from Islamic banks, advertising new products from Islamic banks, counseling provided, availability of funds, and service fees for checks.

Quality of Service in Islamic Perspective

According to Othman dan Owen (2001) quoted in Putra and Sri Herianingrum (2014), the concept of service quality in an Islamic perspective is a form of cognitive evaluation from consumers on the presentation of services by service companies that rely each of their activities on moral values and in accordance with compliance that has been described by Islamic law. According to Othman and Owen (2001) the dimensions of service quality consist of: compliance, assurance, reliability, tangibles, empathy, and responsiveness.

Operational Concept

The operational concept of research can be seen in the table 1 below:

Table 1. Operational Concept

Concept	Dimension	Indicators
Customer service satisfaction	Customer satisfaction with Islamic banking services	<ol style="list-style-type: none">1. Advice given by Islamic bank employees2. Islamic bank employee skills3. Islamic bank employee qualification level4. Trust in the Sharia Supervisory Board5. Trust in Islamic bank management6. Service fees offered by Islamic bank7. Number of branches from Islamic banks8. Islamic bank opening hours9. Efficiency and speed of Islamic banks in completing transactions10. Customer confidentiality11. Various kinds of facilities offered12. Name and image of Islamic banks13. Islamic bank staff friendliness14. Compliance with Islamic bank furniture15. Parking facilities provided for Islamic bank customers16. Efficiency in handling problems through telephone service17. Islamic bank architectural design18. Islamic bank internal arrangement design19. Advertising existing products from Islamic banks20. Advertising new products from Islamic banks21. Counseling provided22. Availability of funds23. Service fees for checks

Source: Processed Data, 2021

METHOD

The data collection technique in this study uses a questionnaire that is given directly to respondents in the field. Questionnaire is a data collection technique carried out by giving a set of questions or statements to other people who are used as respondents to answer (Sekaran & Bougie, 2013). Then for the measurement of the following indicators using a Likert scale. Likert Scale is a scale used to measure attitudes, opinions, and perceptions of a person or group related to an event or social phenomenon (Riduwan, 2014). This study uses descriptive statistical data analysis techniques. Descriptive statistics are statistics that describe phenomena or data as in the form of tables, graphs,

frequencies, average or other form (Suryani and Hendryadi, 2015). The frequency distribution according to Suharyadi and Purwanto (2008), in Suryani and Hendryadi (2015) is the grouping of data into several categories indicating the amount of data in each category, and each data cannot be included in two or more categories.

RESULT AND DISCUSSION

a. Customer Knowledge on Products and Service Facilities of Islamic Banks

The following table describes customer knowledge of Islamic banking products and service facilities:

Table 2. Customer Knowledge on Products and Service Facilities of Islamic Banks

No	Products and Services	Not aware of it		Aware and don't use it		Aware and use it	
		f	%	f	%	f	%
1	Checking Account	34	29,6 %	65	56,5 %	16	13,9 %
2	Time Deposits	34	29,6 %	63	54,8 %	18	15,7 %
3	<i>Musyarakah</i>	60	52,2 %	45	39,1 %	10	8,7 %
4	<i>Mudharabah</i>	44	38,3 %	42	36,5 %	29	25,2 %
5	<i>Murabahah</i>	50	43,5 %	50	43,5 %	15	13,0 %
6	<i>Ijarah</i>	62	53,9 %	46	40,0 %	7	6,1 %
7	Letter Of Credit (L/C)	58	50,4 %	53	46,1 %	4	3,5 %
8	Buying And Selling Foreign Exchange	42	36,5 %	67	58,3 %	6	5,2 %
9	Rahn	70	60,9 %	43	37,4 %	2	1,7 %
10	Bank Guarantees	57	49,6 %	52	45,2 %	6	5,2 %

Source: Processed Data, 2021

The result showed that most of the customers knew about the products and banking service facilities in general which were also offered at the bank although not many customers used them. However, the majority of Islamic bank customers in Riau Province still do not know about the specific products and services offered by Islamic banks, such as *musyarakah* products, *mudharabah* products, and *ijarah* products.

b. Factors Customers Choose Islamic Banks

The following table describes the factors customers choose Islamic banks:

Table 3. Factors Customer Choose Islamic Banks

No	Value Label	Strongly Agree		Agree		No View		Disagree		Strongly Disagree	
		f	%	f	%	f	%	f	%	f	%
1	Only religious reasons	63	54,	40	34,8	12	10,				



			8				4				
2	Just profit reasons	19	16,5	42	36,5	39	33,9	12	10,4	3	2,6
3	Religious reasons and profits	32	27,8	51	44,3	27	23,5	5	4,3		
4	Advice from relatives	11	9,6	55	47,8	33	28,7	14	12,2	2	1,7
5	Advice from friends	9	7,8	53	46,1	37	32,2	14	12,2	2	1,7
6	The recent financial crisis proves that is it safer to deal with Islamic banks	13	11,3	38	33,0	44	38,3	17	14,8	3	2,6
7	Effective online services	17	14,8	59	51,3	33	28,7	6	5,2		
8	Effective SMS services	15	13,0	52	45,2	40	34,8	7	6,1	1	0,9
9	Islamic bank credibility	18	15,7	57	49,6	38	33,0	2	1,7		
10	Islamic bank secrecy	34	29,6	55	47,8	25	21,7	1	0,9		
11	Islamic bank branch location	17	14,8	56	48,7	36	31,3	5	4,3	1	0,9
12	Low service fees	18	15,7	59	51,3	34	29,6	4	3,5		
13	Effectiveness of Islamic banks in completing transactions	22	19,1	60	52,2	29	25,2	3	2,6	1	0,9
14	Various kinds of facilities offered by Islamic banks	19	16,5	54	47,0	38	33,0	3	2,6	1	0,9
15	Quality of advice provided by Islamic bank employees	18	15,7	62	53,9	31	27,0	2	1,7	2	1,7
16	Reputation of Islamic banks	20	17,4	54	47,0	36	31,3	4	3,5	1	0,9
17	Trust in the management of Islamic banks	27	23,5	60	52,2	26	22,6	1	0,9	1	0,9
18	Trust in the Sharia Supervisory Board	24	20,9	55	47,8	33	28,7	2	1,7	1	0,9
19	Friendliness of Islamic bank staff	33	28,7	64	55,7	13	11,3	1	0,9	4	3,5
20	Islamic banks offer the same facilities as conventional banks but Islamic bank also pay attention the principles	43	37,4	50	43,5	19	16,5	1	0,9	2	1,7

Source: Processed Data, 2021

The reasons customers choose Islamic banks in Riau Province based on the results of the research are for religious reasons, the friendliness of Islamic bank staff, the existence of sharia principles that are still being considered by Islamic banks, the location of branches of Islamic banks, and the factor of trust in Islamic bank management.

In the research of Khattak and Kashif Ur-Rehman (2010) also found that religious reasons are the main factors customers choose Islamic banks in Pakistan. Meanwhile, in another research conducted by Naser *et al* (2013) in Kuwait, one of the main factors that cause customers to choose Islamic banks is trust in Islamic bank management, this factor is in line with that found in this research.

c. Factors Customers Utilize Both Types of Banks

The following table describes the factors that customers use both types of banks:

Table 4. Factors Customers Utilize Both Types of Banks

No	Value Label	Strongly Agree		Agree		No View		Disagree		Strongly Disagree	
		f	%	f	%	f	%	f	%	f	%
1	Islamic banks do not offer several facility products as offered by conventional banks	2	1,7	25	21,7	20	17,4	14	12,2	1	0,9
2	Islamic banks do not offer many facility products. As offered by conventional banks	0	0	21	18,3	32	27,8	8	7	1	0,9
3	The limited opening hours of Islamic banks	1	0,9	19	16,5	32	27,8	10	8,7		
4	Opening two accounts provides an opportunity to diversify investment	7	6,1	26	22,6	28	24,3	1	0,9		
5	Both types of banks have limited number of branches, and opening two accounts can provide access to more branches	10	8,7	29	25,2	18	15,7	4	3,5	1	0,9

Source: Processed Data, 2021

The majority of respondents in this research are customers of both types of banks, namely Islamic banks and conventional banks. Thus, based on the results of the research, it can be concluded that an important factor that is the reason Islamic bank customers in Riau Province utilize both types of banks, so that by opening accounts at both types of banks can provide access for customers to more branches. The results of the research are in line with those found by (Naser *et al*), 2013) in Kuwait, that one of the main factors that are the reasons customers choose to use both types of banks in Kuwait is due to limitations.

d. Customer Satisfaction with Islamic Banking Services

The following table describes customer satisfaction with Islamic banking services:

Table 5. Customer Satisfaction with Islamic Banking Services

No		Very satisfied		Satisfied		No view		Not satisfied		Not satisfied at all		Rank
		f	%	f	%	F	%	f	%	f	%	
1	Advice given by Islamic bank employees	41	35,7	58	50,4	16	13,9					6
2	Islamic bank employee skills	42	36,5	61	53,0	10	8,7	2	1,7			3
3	Islamic bank employee qualification level	38	33,0	61	53,0	15	13,0	1	0,9			7
4	Trust in the Sharia Supervisory Board	37	32,2	56	48,7	21	18,3	1	0,9			11
5	Trust in Islamic bank management	35	30,4	61	53,0	16	13,9	3	2,6			8
6	Service fees offered by Islamic banks	29	25,2	67	58,3	16	13,9	3	2,6			9
7	Number of branches from Islamic banks	16	13,9	60	52,2	32	27,8	7	6,1			23
8	Islamic bank opening hours	20	17,4	66	57,4	26	22,6	3	2,6			21
9	Efficiency and speed of Islamic banks in completing transactions	23	20,0	70	60,9	18	15,7	3	2,6	1	0,9	12
10	Customer confidentiality	45	39,1	57	49,6	13	11,3					4
11	Various kinds of facilities offered	35	30,4	66	57,4	13	11,3	1	0,9			5
12	Name and image of Islamic banks	56	48,7	51	44,3	7	6,1	1	0,9			1
13	Islamic bank staff friendliness	41	35,7	64	55,7	9	7,8	1	0,9			2
14	Compliance with Islamic bank	22	19,1	69	60,0	23	20,0	1	0,9			15

	furniture											
15	Parking facilities provided for Islamic bank customers	25	21,7	55	47,8	29	25,2	5	4,3	1	0,9	22
16	Efficiency in handling problems trough telephone service	20	17,4	69	60,0	24	20,9	2	1,7			18
17	Islamic bank architectural design	23	20,0	68	59,1	21	18,3	3	2,6			14
18	Islamic bank internal arrangement design	22	19,1	71	61,7	21	18,3	1	0,9			13
19	Advertising existing products from Islamic banks	24	20,9	64	55,7	26	22,6	1	0,9			19
20	Advertising new products from Islamic banks	21	18,3	67	58,3	25	21,7	2	1,7			20
21	Counseling provided	17	14,8	74	64,3	23	20,0	1	0,9			17
22	Availability of funds	22	19,1	69	60,0	23	20,0	1	0,9			16
23	Service fees for checks	25	21,7	70	60,9	20	17,4					10

Source: Processed Data, 2021

Based on the results of the research, it can be seen that there are five aspects of Islamic bank services that have the highest level of customer satisfaction in Riau Province, namely the name and image of Islamic banks, friendliness of Islamic bank staff, Islamic bank employee skills, confidentiality of Islamic bank customer data, and various kinds of facilities provided offered by Islamic banks. The results of this research are in line with those found by Naser *et al* (1999) who also found that Islamic bank customers in Jordan also have the highest level of satisfaction in the name and image aspects of Islamic banks, confidentiality of customer data, various facilities offered by Islamic banks, Islamic bank employee skills. Then in another research (Naser *et al*, 2013) in Kuwait also found that Islamic bank customers in Kuwait have a high level of satisfaction with the name and image of Islamic banks, and the confidentiality of Islamic bank customer data, in addition to other aspects such as the availability of funds at Islamic banks, trust in ShariaSupervisory Board, and trust in Islamic bank management.



CONCLUSION

In this research most of the customers of the Islamic banks still do not know about the products offered by Islamic banks. This research also identifies five main factors that are the reasons customers choose Islamic banks, namely solely for religious reasons, Islamic bank staff friendliness, Islamic banks offer the same facilities as conventional banks but Islamic banks also pay attention to sharia principles, the location of Islamic banks branches, and reasons for trust in Islamic bank management. Then this research also shows that the most underlying reason for customers to use both types of banks is due to the limited number of branches owned by the two banks, so that by opening two accounts, customers can provide access for customers to more branches. Finally, this research also found that the five service aspects that have the highest level of customer satisfaction in Islamic banks are the name and image of Islamic banks, friendliness of Islamic bank staff, Islamic bank employee skills, confidentiality of Islamic bank customer data, as well as various facilities offered by Islamic banks.

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