

BUSINESS AND MANAGEMENT*IJBMF VOL 8 NO 1 (2022) P-ISSN 2575-7911 E-ISSN 2575-792X*Available online at <https://www.cribfb.com>Journal homepage: <https://www.cribfb.com/journal/index.php/ijbmf>

Published by CRIBFB, USA

CUSTOMER PERCEPTION ON SERVICES QUALITY OF THE ISLAMIC BANKING IN MALAYSIA DURING COVID-19 PANDEMICMd. Kamal Uddin ^(a) Abul Bashar Bhuiyan ^(b) Dhanonjoy Kumar ^(c) Tasnuba Haque ^(d) Mohammad Sahabuddin ^(e)^(a) Assistant Professor, Department of Accounting and Information Systems, Islamic University, Kushtia, Bangladesh; E-mail: ddinkamal1983.ku@gmail.com^(b) Associate Professor, Faculty of Business and Accountancy, Universiti Selangor, Shah Alam, Malaysia; E-mail: bashariuk@gmail.com^(c) Professor, Department of Management, Islamic University, Kushtia, Bangladesh; E-mail: dhanonjoykumarsaha@gmail.com^(d) Lecturer, Faculty of Business and Accountancy, Universiti Selangor, Shah Alam, Malaysia; E-mail: haquebornee@gmail.com^(e) Assistant Professor, Faculty of Business Administration, University of Science and Technology Chittagong, Bangladesh; E-mail: sahabuddingme@gmail.com**ARTICLE INFO****Article History:**Received: 29th October 2022Accepted: 26th December 2022Online Publication: 30th December 2022**Keywords:**

Customer Satisfaction, Competency, Islamic Banking, Reliability, Service Quality, Transparency

JEL Classification Codes:

G20

ABSTRACT

The aims of this study is to explore the factors that affect customers' satisfaction with Islamic banking services in Malaysia during Covid-19 pandemic. The study is basically conducted on the basis of primary data collected by a well-structured questionnaire using Google Form. The respondents were 102 customers of Islamic Banking in Malaysia by using a simple random sampling technique. Both descriptive and inferential statistics have been used in the study. Descriptive statistics include percentage, mean, standard deviation and inferential statistics include, Reliability test, ANOVA, and Multiple Regression analysis. Regression analysis applies to find the casual effect relationship between dependent and independent variables. The study results show that reliability, competence, and service quality have a positive and significant relationship with customer satisfaction except transparency. The study reveals that reliability, competence, and service quality significantly affect customer satisfaction of Islamic banking services during Covid-19 pandemic but transparency has no effects on satisfaction during the pandemic situation. The study emphasizes that the Islamic banking institutions in Malaysia should focus the reliability and competency to enhance the quality of services during the crisis periods and to meet the customers' expectations which led to customer loyalty.

© 2022 by the authors. Licensee CRIBFB, USA. This article is an open-access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<http://creativecommons.org/licenses/by/4.0/>).

INTRODUCTION

COVID-19 has hit all of the countries in the world. The significant impact of this pandemic can be seen effectively beginning of the year 2019. Construction, tourism, manufacturing, financial service, and other industries have been greatly affected by COVID-19. Government has imposed rules and regulations in order to reduce the pandemic case. Currently, total lockdown has been implemented in Malaysia which will halt the economic growth of the country. Islamic Banking in Malaysia is based on Shariah law. It is correlated with underlying principles of Islam such as mutual risk, profit sharing, and transparency for all transactions. Islamic Bank is a financial intermediary, a custodian of people's money and wealth management that differs from the conventional perspective (Bhuiyan, Ali, Islam, Alam, & Solaiman, 2020; Bhuiyan, Ismail, Ali, & Solaiman, 2020; Bhuiyan, Ismail, Islam, et al., 2020; Bhuiyan, Ismail, Nor, et al., 2020). It includes the prohibition of business that involves with interest, alcohol, gambling, pork, and others that are deemed to be contradicted with Shariah Law (Rahmi, Azma, Obad, Zaim, & Rahman, 2020). History of Islamic banking in Malaysia began in 1963, where it focused on saving money for Haji pilgrimage known as Haj Pilgrim's Fund Board. The real stepping stone of this industry started right after introduction of Islamic Banking Act 1983 and Takaful Act 1984. Thus, Bank Islam Berhad was created as the first fully fledged Islamic bank that offered Islamic banking products and services. (Asni, 2019). Nowadays, there are 17 local Islamic banks and 5 international Islamic banks.

¹ Corresponding author: ORCID ID: 0000-0003-1679-045X

© 2022 by the authors. Hosting by CRIBFB. Peer review under the responsibility of CRIBFB, USA.

<https://doi.org/10.46281/ijbmf.v8i1.1894>

The fundamental issue to be investigated by the group of researchers who have proposed the study is entitled; the indication that awareness and perceived compatibility have effects on customer intention to adopt Islamic banking services. The ability of Islamic banks to market their services has not kept pace with the growing number of Islamic financial institutions, notably Islamic banks. As a result, a number of researches have looked into customer behavior in relation to Islamic banking services in various nations. Providing a foundation for this research, the researcher identified the problem to be threefold. First, the issue is the consumers' intention to use Islamic banking services is influenced by customer awareness. Despite many academics have looked into the relationship between bank reputation and customer propensity to use Islamic banking services, this issue is still prevailing due to the lack of societal exposure towards Islamic banking, as a matter of fact in Malaysia, the word has only been spread amongst our neighboring country, Indonesia. Therefore, this underwhelmed the potential of Islamic banks from advancing its potential. Second, the issue of customer willingness to use Islamic banking services is harmed by complexity.

Several prior research has found that customer compatibility is positively associated to consumer intention to use an Islamic bank's service. The compatibility of Islamic banking services with religious and social values, as well as client lifestyle and financial situation, influences the decision to use them. Henceforth, when amendments shall be made, customers are tied in decision-making situations that need time to be understood. Lastly, the issue depicts customers' willingness to use Islamic banking services is influenced by their perception of risk. The degree to which an invention is viewed as superior than the idea, program, or product it replaces is characterized as relative advantage. Despite having a tremendous leap on technology in Islamic banking, customers are immersed in a number of factors such as determining social services and social prestige offered by Islamic banks.

In order to limit the risk of a pandemic, the government has implemented restrictions and laws. Malaysia is currently under absolute lockdown, which will put the country's economic progress on hold. Due to the constraint of movement, most consumers prefer online services given by numerous companies. As a result, Islamic banking has shifted its emphasis to online services. The prospect of increasing Islamic banking is hampered by a lack of knowledge and awareness among the general public regarding the services provided by Islamic banks (Sudarsono, Tumewang, & Kholid, 2021). Hence over the years of development, customers' needs are met through a number of service innovations offered by Islamic banks, both in terms of finance and financing (The Jakarta Post, 2020). Understanding the factors that influence the acceptance of Islamic banking services is critical for Islamic financial institutions to take the necessary steps to keep up with the industry's fierce competition especially in this alarming period. To pursue advancement and adaptation to the pandemic, as a result, factors such as bank reputation, a sense of comfort, quality of personnel, ATM availability, quality and speed of service, cost, the influence of family and friends, and range of services are found to be influential. Identifying these services, in our opinion, is necessary for Islamic bank management to prioritize and spend resources to improve services. Therefore, the purpose of this paper is to identify the factors that influence customer satisfaction in the Islamic Banking service in Malaysia during COVID-19 pandemic.

LITERATURE REVIEW

This chapter focuses on the literature review specifically on the customer satisfaction in Islamic banking service based on four main factors; Reliability, Competencies, Transparency, and Quality Service. Studies from other researchers will be merge and the analysis will be used to clarify the associate variables involve in this research and hopefully help to achieve the research objectives. The description of its purpose, the literature review, and the suggested philosophical structure to describe the relationship network and the creation of hypothesis will be included in this chapter along with the descriptions of the independent variables and the dependent variable of the research project.

Customer Satisfaction in the Islamic Banking Service

Customer satisfaction is a good indicator in identifying whether the service is on the right path or not. In other words, it is used to make a good assumption based on the performance in Islamic Banking service. Customer satisfaction indicates an attempt to meet customer expectations. In relating with Islamic Banking services, the industry has provided various services in order to meet their daily needs through financing, takaful, savings and others. It is proven that this variable gives significant impact in the industry. Neglecting customer satisfaction, will tarnish the Islamic Banking sector as a whole (Osman, 2021). Every business needs to uphold a great degree of customer satisfaction. This is important because it affects business growth and development. By giving a proper focus to this variable, it will prevent the customers from substitute to other competitors. Islamic banking is currently evolving particularly in dual banking like Malaysia. The sector is dependent on Islamic banking players to maintain its competitive edge. Therefore, it can provide quality products and services to capture its customer satisfaction (Ahmed, Islam, & Mohiuddin, 2017). Currently, Malaysia has 3 local full-fledged Islamic banks, 5 foreign owned entities and 8 conventional banks who have established Islamic subsidiaries. Islamic banks in Malaysia keep growing since 1983. Over the span of 10 years, this industry had more than quadrupled at RM611 Million as at the end of December 2019. Below shows the initiatives taken by Islamic Bank during COVID-19 Pandemic in Malaysia.

The Effect of COVID-19 on Islamic Banking System

Malaysia has become the first the country in implementing a 6-month moratorium. It was announced by Prime Minister Tan Sri Muhyiddin Yaasin on March 2020. It was applicable to all financing repayments (except credit card balances) for individuals and SME. The effective date was on 1 April 2020 until 31 October 2020. This moratorium gave a room to Islamic Bank as it benefits the industry with total of 70% of the Islamic banking industry's total financing. This initiative is to help the customer of Islamic Banking to relieve their burden. Thus, giving them a good sense of customer satisfaction.

Moreover, Islamic Financial Institutions (IFIs) has taken a step in restructuring its financing facility in combat against COVID-19. Shariah Advisory Council (SAC) made the decision under a special meeting on the said practices. In short, it allows the movement of different Shariah contracts into a brand new one. For example, Musharakah Mutanaqisah to Ijarah or combination of multiple financings into a brand new single contract. Not only that, in order to give higher customer satisfaction, it is applicable for conversion of conventional loan to Islamic financing. However, it will not work for vice versa situation as conversion from Islamic financing to convention is beyond IFIs control. Based on the research made under this variable, it is safe to say that, Islamic Banking has given its best initiative with the guide from Bank Negara Malaysia (BNM) to capture customer satisfaction even in amidst of pandemic (Anwar, Mansor, Shamsudin, & Fatzel, 2020).

Relationship between Reliability and Customer Satisfaction

Based on the customers' recognition in Islamic banking, the issue of inadequate exposure and further publicity upon the offered services in Islamic banking has affected the overall customer satisfaction. Therefore, the key to accord to this issue is by applying consistency in assisting customers to the knowledge and understanding of Islamic banking and finance. Based on IBF. Further, Faisal, Akhtar, and Rehman (2014) and Wahyuni (2012) study, consistency has revealed a good link between client awareness and their desire to use Islamic banking services. In fact, customer knowledge of Islamic banking services is important in the country, as it leads to clients preferring to use Islamic banking services. To further the exposure of Islamic banking, in our point of view, individuals must acquire a huge quantity of knowledge regarding Islamic banking services from their social contexts, such as schools, families, and interested communities as what Benjamin Franklin would quote, 'An investment in knowledge pays the best interest.' Moreover, customers' intentions to use Islamic banking services are unaffected by the bank's reputation. This demonstrates that Islamic banks' brand image does not play a significant impact in fostering client trust in them (Amin, Isa, & Fontaine, 2013; Hoq, Sultana, & Amin, 2010).

Customer intention to use Islamic banking services is influenced by compatibility in a major and favourable way. Hence as mentioned by Aziz, Echchabi, and Ayedh (2015), Doraisamy, Shanmugam, and Raman (2011), Echchabi and Aziz (2012), Thambiah, Eze, Santhapparaj, and Arumugam (2011), customers who believe that Islamic banking corresponds to their religious and ethical ideals, lifestyles, banking habits, and financial demands are more likely to use it. This demonstrates that Islamic banks' services have been able to address clients' concerns. Overall, this study underlines the importance of Islamic banks impressively promoting themselves to the general public in order to strengthen their reputation and launch new Islamic banking services.

H₁: There is a significant relationship between reliability and customer satisfaction in the Islamic banking service

Relationship between Competences and Customer Satisfaction

Competence is defined as the collection of personality traits that an employee should exhibit in order to successfully accomplish the activities and duties of a specified position (Botha & Claassens, 2010). These competencies may also be divided into three categories, behavioral competences which are an expression of the softer skills involved in an employee's performance, technical competences and managerial abilities. For technical competences are typically associated with the successful use of systems as well as computers or the hard skills necessary for a work function and leadership competences is a manifestation of the qualities that constitute a successful leader, translated into quantifiable action (Hamzah, 2021). According to the bank's philosophy, in order to maintain financial stability, the bank regulates and supervises financial institutions in order to ensure their security and soundness (Feldkircher, Hofmarcher, & Siklos, 2021). The bank oversees the money market and the foreign exchange market to guarantee the market's integrity and that it operates in an orderly way. The bank also supervises the payment system to guarantee that the payment system and payment instruments remain safe, efficient, and dependable. Furthermore, the bank monitors the actions of the financial institutions and intermediaries engaged in order to offer adequate protection to financial customers. In other respects, the bank formulates and manages monetary policy in order to maintain low and stable inflation and to guarantee that monetary policy promotes long-term economic growth (Hetmańczuk, 2021).

In the era of COVID-19 which is now increasingly hit in this country of Malaysia. As a consequence, Islamic banking has played a significant role in propelling a progressive and equitable financial system. These efforts are being carried out while keeping in mind the changing requirements of the economy and Malaysians, as well as the critical role of Islamic finance in the country's socioeconomic growth. So, in order to enhance efficiency on behalf of Islamic banking, the researchers have developed ten financial services for customers that will be utilized during and after the epidemic to mitigate the harm it causes (Rabbani et al., 2021). As a post-COVID-19 measure, Musharakah can be utilised to fund Small and Medium Enterprises (SMEs). Second, Mudarabah, in which Muslims who have lost their jobs as a result of COVID-19 can indeed be given with this contract by the society's ingenious and wealthy members. Third, Murabahah which may be utilised to financing of capital assets for COVID-19 affected Small and Medium Enterprises (SMEs) and society. Then there's Al-Ijarah, which may aid in COVID-19 situation by providing inexpensive housing, structures and other resources to COVID-19 affected individuals and groups. Furthermore, Bai as Salam and Bai Istisna can assist farmers and industries such as factories in obtaining funding and surviving. Following that are Qard Hasan and Sadaqa, which may be used to provide food as well as cash to laborers, daily income earners and migratory labor. Next point, the instant financial benefit aspect of Zakat makes among the most essential instruments for assisting COVID-19 affected individuals. Finally, Waqf can give long-term remedies to the suffering caused by COVID-19. To be summarize, Islamic banking professionals must have competences that include knowledge and abilities in order to utilize certain procedures to verify their clients' financial statements. Ali, Mohamed, Shahimi, and Shafii (2015) notably during the COVID-19 pandemic. From an Islamic viewpoint, the job of a

financial advisor is considerably more essential and delicate, since it demonstrates the advisor's duty not just to the stakeholders, but ultimately to the Creator.

H2: There is a significant relationship between competences and customer satisfaction in the Islamic banking service.

Relationship between Transparency and Customer Satisfaction

Transparency is a vital independent variable in determining the customer satisfaction. Especially in Islamic Banking service. According to Mitchell (1998), transparency consists of demand of information, ability for the public to collect information, and the supply and actual release of information by government and non-governmental organizations (NGOs). In other words, it promotes openness which is important in identifying whether the business is operating ethically or not. Transparency also relates with accountability, efficiency and effectiveness (Ball, 2009). Concept of Shari'ah Governance in Islamic Finance and Banking: Shariah Governance Framework is important in Islamic Finance and Banking as it is to ensure that the industry full comply and adhere with Shariah rulings and practices. This framework must not be taken lightly as it is deeply rooted in Al-Quran and Hadith, thus it provides significant difference between conventional and Islamic Banking's perspective.

Customer satisfaction is affected by transparency. As it symbolizes the good relationship between organization and customer. Customers will feel more appreciate as they able to conduct proper ethical business. For example, in Islamic Banking, any transaction involving the parties, agreement will be set in accordance with Shariah framework (Bhuiyan, Ali, et al., 2020; Bhuiyan, Ismail, Ali, et al., 2020; Bhuiyan, Ismail, Islam, et al., 2020; Bhuiyan, Ismail, Nor, et al., 2020). Therefore, there will no hidden charges and all the clauses are clear. This eliminates ambiguity and confusion from customer's perspective. Transparency also is viewed as a contributor to the development of cordial organization-customer relationships. Information that promotes transparency can be crucial in maintaining trust from customer, as trust is difficult to achieve by them (Malik & Ahsan, 2019). Financial Disclosure and Transparency: There is a close relationship between disclosure and transparency. They are involving in transmission of information and knowledge from source of beneficiaries to its users. In order to achieve transparency there are few characteristics identified as a standard truthful, comprehensiveness, importance, timing, and availability (Khammasi & Jedidia, 2018). Customer satisfaction will fluctuate if there is error in transparency as it deems to be risky for them.

H3: There is a significant relationship between transparency and customer satisfaction in the Islamic banking service.

Relationship between Quality Service and Customer Satisfaction

Service quality is often characterized as the output of a service delivery system, particularly in the case of a pure service system. Furthermore, the quality of service is related to user happiness, which is the consumers' view of the service when they use it. Customers are the patrons of the products or services, hence service quality or its acronym is SERVQUAL, is vital in determining customer satisfaction (Ravichandran, Mani, Kumar, & Prabhakaran, 2010). In the Islamic banking, it is made easier and more comfortable by a better degree of service quality available from a social and religious standpoint. A low level of trust in the bank suggests that it has little impact over customer perceptions (Jalil & Rahman, 2014). To guarantee that Islamic banking continues to flourish, the former should take a more active role in marketing and improving its image by delivering a higher quality of service. This would be due to the fact that quality of service is a factor that customers place a high value on, and it is the primary factor that service providers use to competing with each other as well (Bakar, Hussin, Latip, & Mahmood, 2019). The loyalty of the customer on the quality of Islamic banking services has a positive link that may be classified into three parts namely the intention to repurchase, suggestions, and opposition to better alternatives (Kishada & Wahab, 2013). This demonstrates that a positive connection creates a favorable view of Islamic banking and that honest and trustworthy quality service has a substantial effect on customers' opinions of Islamic banking. From that, customers will be extremely satisfied if the quality of Islamic banking services is managed very successfully and customer loyalty to the bank will be stronger than before (Alam & Al-Amri, 2020).

Simultaneously, banks attempt to identify customer expectations about service quality and use prior experience to improve service quality characteristics inherent in their production in order to satisfy their customers' expectations. Banks can use this dimension to assess the quality of service provided to customers and boost their satisfaction (Abedniya & Zaeim, 2011). As has previously occurred in Malaysia, the Central Bank of Malaysia (BNM) has announced a number of regulatory and supervisory measures in support of efforts by banking institutions to assist customers in dealing with the effects of the COVID-19 pandemic. The procedures put in place have allowed banks to focus on helping the country's economic development in this unexpected and very demanding circumstances by allowing banks to respond rapidly to the demands of their impacted customers (Shah et al., 2020). Islamic banks, particularly Bank Islam Malaysia Berhad (BIMB), provide postponement or suspension of all financing repayments for individual customers and Small and Medium Enterprises (SMEs), as well as moratorium applications for corporate customers. This facility is available to financiers with a good financing record in Ringgit Malaysia, as well as customers who have not been in arrears for more than 90 days as of 1 April 2020. To help customers better manage their financing, Bank Islam will offer the option to convert the financing balance to term financing for three years at a low profit rate (Hasbullah & Ab Rahman, 2020). As a result, achieving the objective of economic and social well-being will lead to achieving the objective of seizing prosperity, which encompasses success not only in this world but also in the hereafter based on obedience and real devotion to Allah (Othman & Nor, 2021).

H4: There is a significant relationship between quality service and customer satisfaction in the Islamic banking service

Development of Conceptual Framework

From the literature studied, generally Services have some unique characteristics that make them different from physical products. Services are often characterized by their intangibility, inseparability, heterogeneity, and perishability. The implications of these characteristics are that it is often difficult for customers to evaluate services at preconception, consumption and post-consumption stages of consumer decision making processes. As a result, because of the intangible nature of services, it also becomes difficult for researchers to understand how customers perceive and evaluate the quality of the services (Naser, Jamal, & Al-Khatib, 1999). Moreover, researchers have identified that the outbreak of COVID-19 and the situations imposed on societies in the short-run may not be significant enough to determine whether customer satisfaction might be effected. Whereas in the long-run, if COVID-19 still persists to disrupt the way of life, then the effects might be significant enough to make it more justifiable. Other than that, most of researchers that studied on Islamic Banking did not focus on customer satisfaction during the pandemic. Thus, researchers in this study struggle to determine customer satisfaction based on COVID-19 itself. However, Malaysia is a multiracial country comprising more than 60 per cent Muslims. The country is regarded as one of the strongest advocates of Islamic banking. Despite of that, majority of non-Muslim in Malaysia are still oblivious to certain products and services offered by Islamic banks. There are a few factors influencing this according to a research studying the perception of non-Muslim towards Islamic banking products and services (Ahmad Razimi & Romle, 2017). In a nutshell, data obtain from respondents might not be ultimately accurate due to the fact that it is bias to a majority of Muslim respondents. It is difficult to determine customer satisfaction without taking into account the perception of customers from other ethnicity. Practical hypotheses are linked with the research framework. A full framework illustrates and clearly emphasizes the main variable in the circumstance. This study discusses how customer satisfaction in the Islamic banking service is influenced by reliability, competence, transparency, and quality service. Some information from the relationship can be enhanced by analyzing all hypotheses. Figure 1 depicts the link between all of the independent variables and customer satisfaction in the Islamic banking service.

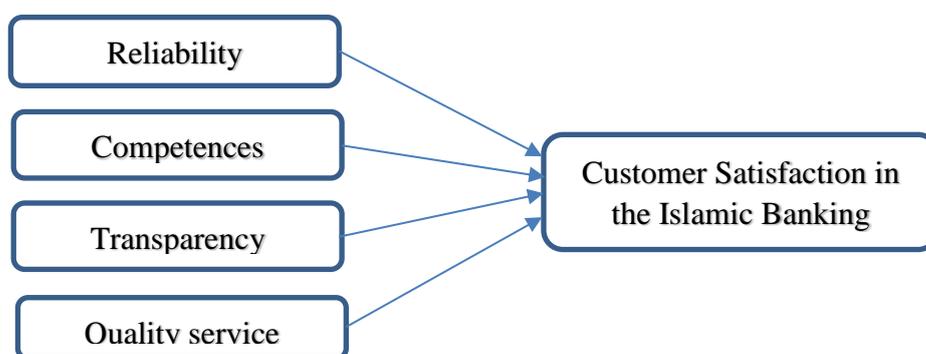


Figure 1. Conceptual Research Model

MATERIALS AND METHODS

The study is quantitative in nature as the numerical data is collected to form a statistical analysis. The study is basically based on primary data. Data has been collected from both primary and secondary sources. Primary data have been collected through a survey method by using questionnaire. Secondary data have been collected from newspaper, journals, research articles and past studies. A well-structured questionnaire was designed to collect data through Google Form because of conducting the study during Covid-19 epidemic. Questionnaire was distributed to the customers of Islamic banking services living in Malaysia. The questionnaire consists of three sections which are A, B and C. Section A provides the details regarding demographic elements such as gender, age, race, location, occupation and income. Questions for section B are more concern towards customer satisfaction in the Islamic Banking service (DV). Lastly, section C is about the independent variables listed as reliability, competence, transparency, and quality service. Both section A and B have 6 questions on each variable. At the end of section C, open ended question is also included as it could give individual perspective of how the respondents view Islamic Banking service as a whole. Thus, there are 37 questions in total for all the sections. The study used probability sampling technique. Under probability sampling method, simple random sampling technique applied to access the data collected through questionnaire. Among the 150 respondents to whom the questionnaires were distributed, 102 respondents have been selected as sample. Measurement of data used in five point Likert scale from strongly disagree to strongly agree (“Strongly Disagree”=1, “Disagree”=2, “Neutral”=3, “Agree”=4, “Strongly Agree”=5). Variables under the study used Customer Satisfaction in the Islamic Banking Services as dependent variable; Reliability, Competences, Transparency, and Quality Service as independent Variables. Both the descriptive and inferential statistics have been applied to analyze the data. In this study, Descriptive analysis, Reliability Test, Multiple Regression analysis used to explain the data and test of hypothesis. Data have been tabulated, coded and statistically analyzed by using SPSS version 25.

RESULTS AND DISCUSSIONS

Demographic Overview

Table 2 shows the demographic overview of respondents or users of Islamic Banking services in Malaysia. The participation of customers in the study represents an almost equal proportion of males and females i.e., 46.1% and 53.9% respectively.

The major portion of the respondents in the study was under the age below 25 (52%) followed by the range between 26 to 35 (20.60%), 46 to 55 (10.8%), 36 to 45 (8.8%), and remaining were from the age above 56 (7.8%). The race of the respondents was mostly of Malay (81.4%) followed by Chinese, Indian and others. Among them, a higher portion were lived in urban area. The customers of Islamic Banking services in the study were students followed by service holders of private sectors, self-employed, and the rest were the employee of public sectors. The income range of half of the respondents were below 1000 RM, 36% from RM1000 to 4000, and rest percentage were above RM4000.

Table 2. Demographic profile of respondents

Variables	Category	Frequency	Percent
Gender	Male	47	46.1
	Female	55	53.9
	Total	102	100
Age	Below 25	53	52.0
	26 – 35	21	20.6
	36 – 45	9	8.8
	46 – 55	11	10.8
	56 and above	8	7.8
	Total	102	100
Race	Malay	83	81.4
	Chinese	8	7.8
	Indian	8	7.8
	Others	3	2.9
	Total	102	100
Location	Rural	34	33.3
	Urban	68	66.7
	Total	102	100
Occupation	Student	49	48.0
	Self-employed	18	17.6
	Private Sector	25	24.5
	Public Sector	10	9.8
	Total	102	100
Income	Less than RM1000	51	50.0
	RM1001 – RM2500	18	17.6
	RM2501 – RM4000	18	17.6
	RM4001 – RM5000	8	7.8
	RM5001 and above	7	6.9
	Total	102	100

Descriptive Analysis

Table 3 indicates the descriptive statistics of the study. The mean value of customer satisfaction (4.11) reveals that customers were satisfied in respect of reliability, competence, transparency, and the quality of the service of Islamic Banking services. The mean value of independent variables was above 4 indicates that customers are agreed and in some cases highly agreed to the question of satisfaction of the services of Islamic Banking during Covid-19 pandemic as measured by these variables.

Table 3. Descriptive Statistics

Items	N	Mean	SD
Customer Satisfaction	102	4.11	0.877
Reliability	102	4.12	0.844
Competence	102	4.15	0.850
Transparency	102	4.17	0.863
Service Quality	102	4.12	0.874
Validity N (list wise)	102		

Reliability Test

The results of reliability test exhibits in table 4. The reliability test refers to the measurement to which the test is consistent and steady. Cronbach's alpha technique may be used to do reliability test devices. In order to decide on the trust ability test, it is established whether the Cronbach's alpha is higher than 0.7. In the meanwhile, certain elements of the questionnaire are not trustworthy, if Cronbach's alpha is less than 0.7. Based on table III, it is found that the corresponding value of all the variables was above 0.7, indicating that the data used in the study were reliable.

Table 4. Data Reliability Test

Variable	Cronbach's Alpha	No. of Items
Customer Satisfaction	0.853	6
Reliability	0.905	6
Competence	0.892	6
Transparency	0.879	6
Quality Service	0.873	6

Multiple Regression Analysis

In table 5, the R-square value shows 0.758 implying that 75.8% variation in customer satisfaction in Islamic banking services during Covid-19 was caused by reliability, competence, transparency and quality service. A total of 75.8% is from the model summary which reflects the dependent variable, while another 24.2% is for other variables that are not included.

Table 5. Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.871 ^a	.758	.748	.33527

Predictors: (Constant),
Dependent Variable: CS

According to ANOVA table 6, the fitted model has a significance of 5% since the F-test is 76.055 and the associated p-value is 0.000, which is less than 0.05. As a result, at alpha 0.05, the hypothesis is not rejected and the regression model is significance.

Table 6. Model significance (ANOVA)

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	34.196	4	8.549	76.055	.000b
Residual	10.903	97	8.549		
Total	45.099	101			

Note: CS indicates the dependent variable and REL, COMP, TRP, SQ (constant) indicate the predictors

Table 7. Coefficients of Regression

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.395	0.221		1.791	0.076
REL	0.366	0.090	0.381	4.057	4.057
COMP	0.452	0.104	0.464	4.364	0.000
TRP	-0.181	0.108	-0.185	1.672	0.098
SQ	0.262	0.087	0.271	3.033	0.003

Note: CS indicates the dependent variable

From table 7, the significance level (p-value) for both reliability and competence are 0.000 while the quality service is 0.003 which are less than 0.05. So, there are significant relationship between customer satisfaction in the Islamic banking service and reliability (REL), competence (COMP) as well as service quality (SQ). This indicates that the reliability (REL), competence (COMP), and service quality (SQ) are influenced by customer satisfaction (CS) in the Islamic banking service, and the hypotheses are accepted. In addition, there is also a significant positive relationship between reliability, competence as well as service quality, and customer satisfaction in the Islamic banking service (DV) because the beta value shows the positive value which are 0.381 (REL), 0.464 (COMP) and 0.271 (SQ). But, the transparency is not significant relationship between customer satisfaction in the Islamic banking service because the p-value is more than 0.05 (0.098). This indicates that the transparency (TRP) is not influenced by customer satisfaction in the Islamic banking service and the hypotheses is rejected. For the beta value shows that the transparency has negative value which is - 0.185. Therefore, there is significant negative relationship between transparency and customer satisfaction in the Islamic banking service.

The purpose of the findings discussion is to analyse and understand the importance of the significance of the findings of what was already known about the research problem. While investigating, and explaining any new understanding or insights about the problem after we have taken the findings into consideration. In the analysis, we focused on four basic independent variables regarding reliability, competences, transparency and quality services. Based on the finding, the hypothesis shows independent variables have no effects with dependent variables. The reliability is the first independent variable that has effects with the customer satisfaction Islamic banking service. The findings show there is a significant relationship between reliability and customer satisfaction in the Islamic banking service. This shows that reliability impact much on the Islamic banking service. The second independent variable is competences. Based on the finding of this research, there is a relationship between competence and customer satisfaction in the Islamic banking service. The significance there is a significant relationship between competence and customer satisfaction in the Islamic banking service. This finding has concluded that competence brings huge impact to the Islamic banking service according to the respondents that has participated in the survey conducted. The third independent is transparency.

Based on the finding of this research, there is a no relationship between transparency and customer satisfaction in the Islamic banking service. The significance shows negative and unacceptable circumstances for the independent variable. The last independent is quality service. Based on the finding of this research, there is a significant relationship between quality service and customer satisfaction in the Islamic banking service. Quality and customer satisfaction in the Islamic banking service. This exercise is illustrative, because it is still too early to make an informed assessment of the full impact

of customer satisfaction in the Islamic banking. But it does convey the likely extent of growth in Islamic banking, especially in assisting its customers.

CONCLUSIONS

This study focuses on the customer satisfaction towards Islamic banking services in Malaysia during COVID-19. The findings show that reliability, competence, and service quality have a positive and significant relationship with customer satisfaction except transparency. There is no significant and positive relationship found between transparency and customer satisfaction. However, the implication towards the practitioner is that they will be satisfied. The awareness towards customers' satisfaction is important in Islamic banking. It is expected that this study would help the community to have better understanding of Islamic banking. This eventually would ease their use on Islamic banking. In order for policies makers to influence this factor is to promote stable development of the Islamic financial sector so that Islamic institutions can develop and offer better services. Still, there are some problems that need to be solved first. The Islamic financial sector needs more professionals who have balanced knowledge regarding both Islamic concepts and financial technologies. Malaysia has established an educational institution to train experts in Islamic Finance; however, the number of professionals is still insufficient. Human resource development is an urgent issue for Malaysia. Another thing that policies makers can do is to enact policies that are aligned with the current issues; the lockdown imposed on the country. Not only can those policies be used now, but it could also be a framework for future crisis. Every study has some limitations. This study is no exception. First, this study was conducted during the Covid-19 pandemic period, and its aims to examine the factors affecting customers' satisfaction only in this situation, not during the normal time. Second, due to lockdown and movement control order by the government, we have taken data only 102 respondents among the customers of Islamic banking service in Malaysia.

To simply conclude our research, three out of four factors have a significant influence to customer satisfaction towards Islamic banking services in Malaysia, while the only factor that is not significant is Transparency. Furthermore, there are several recommendations that can be offered for any future research that primarily focuses on the particular topic of this study. As mentioned above, the factor of transparency of Islamic banking services in Malaysia should be research further by future studies as the findings in this result is not entirely accurate and might not be complete to conclude. Moreover, future researchers should include other factors in their research as well, to better understand the influence that effect customer satisfaction towards Islamic banking services in Malaysia. The researchers might also want to consider using a variety of data collection methods. Because as mentioned in the limitation of the research, the method used was only through questionnaires, and this might not be sufficient enough to gain reliable information on the topic at hand.

Author Contributions: Conceptualization, M.K.U., A.B.B., D.K., T.H., and M.S.; Methodology, M.K.U.; Software, M.K.U.; Validation, M.K.U.; Formal Analysis, M.K.U., A.B.B., D.K., T.H., and M.S.; Investigation, M.K.U., A.B.B., D.K., T.H., and M.S.; Resources, M.K.U., A.B.B., D.K., T.H., and M.S.; Data Curation, M.K.U.; Writing – Original Draft Preparation, M.K.U., A.B.B., D.K., T.H., and M.S.; Writing – Review & Editing, M.K.U., A.B.B., D.K., T.H., and M.S.; Visualization, M.K.U., A.B.B., D.K., T.H., and M.S.; Supervision, A.B.B.; Project Administration, M.K.U.; Funding Acquisition, M.K.U., A.B.B., D.K., T.H., and M.S. Authors have read and agreed to the published version of the manuscript.

Institutional Review Board Statement: Ethical review and approval were waived for this study because the research does not deal with vulnerable groups or sensitive issues.

Funding: The authors received no direct funding for this research.

Acknowledgments: Not applicable.

Informed Consent Statement: Informed consent was obtained from all subjects involved in the study.

Data Availability Statement: The data presented in this study are available on request from the corresponding author. The data are not publicly available due to restrictions.

Conflicts of Interest: The authors declare no conflict of interest.

REFERENCES

- Abedniya, A., & Zaeim, M. N. (2011). Measuring the perceive service quality in the Islamic banking system in Malaysia. *International Journal of Business and Social Science*, 2(13).
- Ahmad Razimi, M. S., & Romle, A. R. (2017). Non-Muslim perception on Islamic banking products and services in Malaysia. *World Journal of Islamic History and Civilization*, 7(1), 7-11.
- Ahmed, S., Islam, R., & Mohiuddin, M. (2017). Service quality, Shariah compliance and customer satisfaction of Islamic banking services in Malaysia. *Turkish Journal of Islamic Economics*, 4(2), 71-82.
- Alam, N., & Al-Amri, H. A. (2020). Service quality perception and customer satisfaction in Islamic banks of Oman. *The Journal of Asian Finance, Economics, and Business*, 7(9), 499-504.
- Ali, N. A. M., Mohamed, Z. M., Shahimi, S., & Shafii, Z. (2015). Competency of shariah auditors in Malaysia: Issues and challenges. *Journal of Islamic Finance*, 4(1), 22-30.
- Amin, M., Isa, Z., & Fontaine, R. (2013). Islamic banks: Contrasting the drivers of customer satisfaction on image, trust, and loyalty of Muslim and non-Muslim customers in Malaysia. *International journal of bank marketing*, 31(2), 79-97. <https://doi.org/110.1108/02652321311298627>
- Anwar, I. S. K., Mansor, N. A., Shamsudin, S. M., & Fatzel, F. H. M. (2020). *The Impact of COVID-19 Outbreak towards Islamic Banking: The Case of Malaysia*. Paper presented at the Proceeding of the 7th International Conference on Management and Muamallah.
- Asni, F. (2019). History of the Establishment and Development of Islamic Banking in Malaysia. *International Journal of Academic Research in Business and Social Sciences*, 9(6), 305-315.

- Aziz, H. A., Echchabi, A., & Ayedh, A. M. (2015). Current state and future prospects of Islamic banking in Morocco: An empirical investigation. *Journal of Emerging Economies and Islamic Research*, 3(2), 1-10.
- Bakar, A. N. A., Hussin, M. Y. M., Latip, N. A. M., & Mahmood, A. (2019). Customers satisfaction and service quality of Islamic Banks in Perak, Malaysia. *International Journal of Academic Research in Business and Social Sciences*, 9(9), 1283-1297.
- Ball, C. (2009). What is transparency? *Public Integrity*, 11(4), 293-308.
- Bhuiyan, A. B., Ali, M. J., Islam, K. A., Alam, M. S., & Solaiman, M. (2020). THE ISSUES AND CHALLENGES OF SHARIAH HARMONIZATION OF THE CROSS BORDER TRANSACTION: CONCEPTUAL REVIEW OF ISLAMIC BANKING INDUSTRIES. *International Journal of Shari'ah and Corporate Governance Research*, 3(2), 1-9.
- Bhuiyan, A. B., Ismail, A. G., Ali, M. J., & Solaiman, M. (2020). ISLAMIC ECONOMICS METHODOLOGY PATTERNS OF REASONING AND THE STRUCTURE OF THEORIES. *International Journal of Shari'ah and Corporate Governance Research*, 3(2), 10-24.
- Bhuiyan, A. B., Ismail, A. G., Islam, K. A., Solaiman, M., & Rahman, M. A. (2020). Islamic Bank Safety Net Issues: The Regulatory Challenges for Cross Border Islamic Banking Transactions. *International Journal of Islamic Business & Management*, 4(2), 20-31.
- Bhuiyan, A. B., Ismail, A. G., Nor, M. Z. B., Ali, M. J., & Solaiman, M. (2020). The Islamic economics philosophy and application reality in the existing Islamic economic activities in the world. *International Journal of Shari'ah and Corporate Governance Research*, 3(2), 25-39.
- Botha, S., & Claassens, M. (2010). Leadership competencies: The contribution of the bachelor in management and leadership (BML) to the development of leaders at first national bank, South Africa. *International Business and Economics Research Journal*, 9(10), 77-88. <https://doi.org/10.19030/iber.v9i10.641>
- Doraisamy, B., Shanmugam, A., & Raman, R. (2011). A study on consumers' preferences of Islamic banking products and services in Sungai Petani. *Academic Research International*, 1(3), 290.
- Echchabi, A., & Aziz, H. A. (2012). Customers' perceptions about shari'ah compliance of Islamic banks in Malaysia. *Journal of Islamic banking and finance*, 29(1).
- Faisal, M., Akhtar, A., & Rehman, A. (2014). Awareness of Islamic banking in India: An empirical study. *International Journal of Engineering and Management Research*, 7(6), 1-13.
- Feldkircher, M., Hofmarcher, P., & Siklos, P. (2021). What do central banks talk about? A European perspective on central bank communication. *Focus on European Economic Integration*, 2(21), 61-81.
- Hamzah, M. F. (2021). The influence of competency towards the performance of Islamic banking industry in Malaysia. *Turkish Journal of Computer and Mathematics Education*, 12(3), 1252-1262.
- Hasbullah, N. A., & Ab Rahman, A. (2020). The Role of Stakeholders in Safeguarding People's Economic Welfare During the COVID-19 Pandemic from the Perspective of Islamic Economy. *The Journal of Muamalat and Islamic Finance Research*, 17, 71-89. <https://doi.org/10.33102/jmifr.v17i3.285>
- Hetmańczyk, A. (2021). The primary goal of monetary policy: reflections on the nature of the problem. *Central European Review of Economics and Management*, 5(1), 77-101.
- Hoq, M. Z., Sultana, N., & Amin, M. (2010). The effect of trust, customer satisfaction and image on customers' loyalty in islamic banking sector. *South asian journal of management*, 17(1), 70.
- Jalil, M. A., & Rahman, M. K. (2014). The impact of Islamic branding on consumer preference towards Islamic banking services: An empirical investigation in Malaysia. *Journal of Islamic banking and finance*, 2(1), 209-229.
- Khammasi, I., & Jedidia, K. B. (2018). Do Islamic banking standards convey more financial transparency than conventional banking ones? *Turkish Journal of Islamic Economics*, 5(1), 109-132.
- Kishada, Z., & Wahab, N. A. (2013). Factors affecting customer loyalty in Islamic banking: Evidence from Malaysian banks. *International Journal of Business and Social Science*, 4(7), 264-273.
- Malik, M. I., & Ahsan, R. (2019). Towards innovation, co-creation and customers' satisfaction: a banking sector perspective. *Asia Pacific Journal of Innovation and Entrepreneurship*, 13(3), 311-325. <https://doi.org/10.1108/APJIE-01-2019-0001>
- Mitchell, R. B. (1998). Sources of transparency: Information systems in international regimes. *International Studies Quarterly*, 42(1), 109-130.
- Naser, K., Jamal, A., & Al-Khatib, K. (1999). Islamic banking: a study of customer satisfaction and preferences in Jordan. *International journal of bank marketing*, 17(3), 135-151. <https://doi.org/10.1108/02652329910269275>
- Osman, A. (2021). Customers' Satisfaction Level of Islamic Banking Service in Kelantan, Malaysia. *Turkish Journal of Computer and Mathematics Education*, 12(3), 489-496.
- Othman, N., & Nor, F. M. (2021). Konsep Kewangan Islam dalam Pembangunan Ekonomi Malaysia Semasa Pandemik Covid-19. *Jurnal Pengajian Islam*, 14(1), 176-193.
- Rabbani, R. M., Asad Mohd. Ali, M., Rahiman, H. U., Atif, M., Zulfikar, Z., & Naseem, Y. (2021). The response of Islamic financial service to the COVID-19 pandemic: The open social innovation of the financial system. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(1), 85. <https://doi.org/10.3390/joitmc7010085>
- Rahmi, M., Azma, N., Obad, F. M., Zaim, M., & Rahman, M. (2020). Perceptions of Islamic banking products: Evidence from Malaysia. *The Journal of Business Economics and Environmental Studies*, 10(3), 35-42. <https://doi.org/10.13106/jbees.2020.vol10.no3.35>

- Ravichandran, K., Mani, B. T., Kumar, S. A., & Prabhakaran, S. (2010). Influence of service quality on customer satisfaction application of servqual model. *International Journal of Business and Social Science*, 5(4), 117-124.
- Shah, A. U. M., Safri, S. N. A., Thevadas, R., Noordin, N. K., Abd Rahman, A., Sekawi, Z., . . . Sultan, M. T. H. (2020). COVID-19 outbreak in Malaysia: Actions taken by the Malaysian government. *International Journal of Infectious Diseases*, 97, 108-116. <https://doi.org/10.1016/j.ijid.2020.05.093>
- Sudarsono, H., Tumewang, Y. K., & Kholid, M. N. (2021). Customer Adoption of Islamic Banking Services: Empirical Evidence from Indonesia. *The Journal of Asian Finance, Economics and Business*, 8(3), 1193-1204. <https://doi.org/10.13106/jafeb.2021.vol8.no3.1193>
- Thambiah, S., Eze, U. C., Santhapparaj, A. J., & Arumugam, K. (2011). Customers' perception on Islamic retail banking: A comparative analysis between the urban and rural regions of Malaysia. *International Journal of Business and Management*, 6(1), 187.
- Wahyuni, S. (2012). Moslem community behavior in the conduct of Islamic bank: The moderation role of knowledge and pricing. *Procedia-Social and Behavioral Sciences*, 57, 290-298.

Publisher's Note: CRIBFB stays neutral about jurisdictional claims in published maps and institutional affiliations.



© 2022 by the authors. Licensee CRIBFB, USA. This article is an open-access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<http://creativecommons.org/licenses/by/4.0/>).

International Journal of Business and Management Future (P-ISSN 2575-7911 E-ISSN 2575-792X) by CRIBFB is licensed under a Creative Commons Attribution 4.0 International License.