

CHAPTER FIVE – CONCLUSION

5.0 Introduction

Overall, five chapters have been presented in this study, The first chapter was an introduction to the study and it includes the overview on the background of the study, problem statement, research objectives and questions and also the purpose and significance of the study. The second chapter reviewed on the present and past literature based on the objectives of the research. This is followed by the third chapter which discussed the methodology of this research in detail. The results of the data analysis and testing were presented in the fourth chapter.

This chapter is a summary for the whole study. The major findings are summarized in the first section and followed by the implications of the study. The subsequent section highlights the limitations of the study and provides recommendation for future research.

5.1 Summary of the Major Findings

The primary intention of this study is to examine the relationship between the degree of religiosity among Malay Muslims and their perceptions on service quality dimensions. The study explores if there is any difference between the perception on service quality among the devout, the moderately religious and the casually religious Malay Muslims in the Islamic banking industry in Malaysia. Consequently, the study seeks to examine which service quality attribute is significant and highly related to the level of religious commitment among the Muslim customers.

The first objective of this study is to investigate the relationship between religiosity and the perception on service quality in Islamic banking industry among Malay Muslims in Malaysia. The findings from this study provide evidence that there is a positive relationship between religiosity and perception on service quality. Testing on each dimension of service quality revealed that the level of religious commitment among the

Muslim customers has positive relationship with five out of six dimensions of service quality namely; compliance, assurance, reliability, tangibility and responsiveness.

However, there is no significant relationship between religiosity and the customer's perception on the empathy dimension. Empathy is the dimension that refers to the level of caring and individualized attention the bank provides for its customers. Customers always expect the best service from the service provider. A logical explanation for this may be based on the nature of relationship between customer and service provider. To the customer, the bank's employee exemplifies the service. The Islamic bank customers clearly expect prompt service and will not tolerate delays in response times. They also want a high degree of interaction with the bank staff that are sensitive to their needs and expect personalized service regardless of their level of religiosity.

The second objective is to determine which dimension of service quality is highly related to religiosity. Findings from this study indicated that among the six dimensions, the compliance to *Shariah* attribute has shown the highest positive correlation with religiosity followed by assurance. This is consistent with previous finding by (Othman and Owen, 2001) where these two dimensions were ranked as first and second in the order of importance. Islamic banks operate under Islamic laws and principles and for pious Muslim the compliance *Shariah* is the main motive for them to opt for banking with Islamic banks at the first palce. This is futher supported by earlier study done on service quality by Shafie et al. (2004) and Osman et al. (2009) using CARTER model in Islamic banks in Malaysia that reported that compliance dimension was the most significant dimension among the Islamic banking customers in Malaysia. As suggested by Delener (1994), religiosity would influence behavior and decisions made by individuals. To devout Muslims, there is no value in what they consider forbidden in their religion. Hence, it is expected that the compliance of financial services with *Shariah* rules and principles would be a primary concern for devout Muslim in using the services offered by Islamic banks. However, based on the results on this study, it was found that the strength of the relationship between religiosity and compliance dimension is only at moderate level.

The third objective of this study is to examine the differences in the perception on service quality provided by Islamic banking industry between the different religious groups. The results from the study revealed that there are differences in the perception on service quality among the devout and the casually religious Muslim. Testing on the differences between the devout and casually religious customers according to each dimension of service quality showed that there are significant differences in the service quality perception of the devout customers from the perception of casually religious customers in all the six dimensions of service quality. This finding is consistent with previous studies done by Wilkes et al., (1986), Delener (1990) and McDaniel and Burnett (1990) that supports religiosity plays a significant role in influencing several aspects of consumer behaviour and significant differences exist among consumers with different levels of religiosity. It is argued that the plausible cause of the observed variation in consumer behaviour attributable to religiosity may be differences in personality traits associated with the degree of religious commitment.

A deeper analysis on the differences between the three groups; the devout, the moderately religious and the casually religious revealed that differences exist between the perception of the devout, the moderately religious and the casually religious customers on five out of six service quality dimensions namely reliability, compliance, responsiveness, assurance and tangibility. There is no significant difference is reported with regards to the three groups' perception on the empathy dimension. Based on the mean scores, the devout placed more important on the service quality provided by the Islamic banks as compared to the casually religious and moderately religious group. This finding can still be related to the study done by Muhamad (2011) on the market segmentation for the Islamic banking industry. Based on the market segmentation proposed, the devout Muslims should fall under the religious conviction group and the *Shariah* compliance is the only criterion considered in their purchasing decision. However, results from this study revealed that although *Shariah* compliance is still the main motive for the devout Muslim in opting for Islamic banking services, the reputation of the bank and quality of the service provided are also perceived to be as important as well. Looking back at the demographic profile of the respondents, majority of the respondents for the study are well

educated with 80 percent holding a bachelor degree or above and middle class earners under RM2000-RM5000 and RM5001-RM8000 monthly income group. These characteristics fit the religious conviction and economic rationality group as suggested by Muhamad (2011). Moreover, based on the chi-square analysis, more respondents with better qualification belong to the devout group and moderately religious group. Hence, both the *Shariah* compliance and economic criteria such as pricing, returns and services quality are considered relevant and important in their purchasing decision.

As a way of life, Islam has a great concern for business activities. Through the revelation of the Quran, Allah has shown His guidance to mankind on how to be successful in this world and in the hereafter while doing business. Since Islamic banking is perceived to be an institution that operates according to the *Shariah* principles and embraces the Islamic values in their activities, thus, its objectives and characteristics should be able to direct and encourage the organization to be *Ihsan* (benevolent). *Ihsan* (benevolence) means good behavior or an act which benefits other persons without any obligation (Beekun, 1997). In Islam, business activities are concerned with two respects namely the physical aspects of life as well as meeting one's spiritual needs thus it is crucial for the Islamic banks to ensure that all their activities are compatible with the morality and the higher values prescribed by the teachings of Islam in order to attain the Islamic socio-economic objective of *falah* (the success in the world and the hereafter).

5.2 Implication of the Study

There are two theoretical implications resulting from this research. First the research provides evidence that religiosity does influence customers' perception of service quality. There has been no specific research that explores the influence of religiosity on service quality perception. This study contributes to the extant literature to probe the relationship between religiosity and service quality in a different cultural framework which is Malaysia.

Secondly, the findings from this research highlight the potential of religiosity as an explanatory construct of consumer behaviour. Despite the small sample size used for this study, religiosity appears to be a significant determinant of consumer behaviour, suggesting that the differences behavioral patterns that come about is a result of one's degree of commitment or adherences to his/her religion. In addition, the relationship between religiosity and service quality perception should be given a greater emphasis as excellent service quality can only be achievable if the service organization expands the cultural context in service quality decision making to include the influence of religiosity in consumer behavior.

As for the managerial implication, this study that incorporate religiosity in service quality perception could serve an aid to the management of Islamic banks in designing their marketing and also product branding. Based on the findings from this research, *Shariah* compliance is not the only factor that matters to devout Muslims. The quality of the services provided by the Islamic banks is also considered important in determining the decision to select their banks. Thus, management of Islamic banks can no longer solely rely on religious reason to attract pious Muslims to opt for their services. Muslims are motivated to use the Islamic banks due to the compliance factor but at the same time they expect quality of the services being rendered to them regardless of their level of religiosity.

On the other hand compliance to *Shariah* principles is not the only significant service quality dimension that is considered important among the Malay Muslims customers of Islamic banks. Customers of Islamic banks are also concerned with the impressions of sincerity, trust and caring given to them by their service providers. They are also highly concerned with the religious aspects of the service. Therefore, Islamic banks should have positioned themselves in a way that meets the expectations of their customers. Consistently examining the level of service quality will provide insights to the management as to what are the areas that need to be improved and maintained. Thus, it can help the Islamic bank managers to develop and implement dynamic strategies in order to fulfill the customers' need.

Consequently, Islamic bankers can no longer depend on marketing strategy of attracting pious and religious customers who might only concern about *Shariah* compliance aspect. There is a need for Islamic bank to enhance its service quality which is now considered a critical success factor that affects an organization's competitiveness. Moreover, being a religious-based institutions, Islamic banks ought to provide quality services which are deemed satisfactory by their customers, particularly when they often ascribe themselves as being providers of ethical financial services

5.3 Limitation of the Study

As with all other survey research studies, this study has several limitations as well. First limitation is the number of respondents who responded during the period of this study was a bit on the lower end. Perhaps the respondents who participated in this study can be more than 300 in order to have a stronger and more reliable data. With additional time allocated, more data could be gathered and a balanced response from male and female could be obtained.

Secondly, the sample for this study was limited to the Klang Valley area and the distribution of the sample on the selected demographic characteristics does not necessarily represent the characteristics of the general population of Malaysia. It is possible that the behaviour patterns of consumers in rural areas and other environments could well differ from those covered in this study. Thus there is a limitation in generalizing the findings of this research to the Malaysian population as a whole. Furthermore, this study only covers Malay Muslim customers and the results could not be generalized across all consumer categories.

The third limitation is related to the instrument to measure religiosity. Some of the respondents may find the questions on religiosity as sensitive and very personal in nature. Respondent's bias is unavoidable in terms of religiosity testing. There is a possibility that

those who are not fully practicing Islam may not give answers that reflecting their daily life.

Finally, the questionnaire was constructed in English medium. Though in general Malaysians speak and understand English relatively well, the confusion might arise that the questions would be understood differently. Probably it would be good to have the survey in bilingual version, for one set of questionnaire, to be written in both English and Bahasa Malaysia especially since the target respondents for this survey is the Malay Muslims.

5.4 Recommendation for Future Research

Most of the studies in service quality have been focusing on measuring the service quality dimensions and the relationship between these dimensions and customer satisfaction and loyalty. None of the study actually explores the influence of religiosity on consumer's perception of service quality. In order to greatly contribute to existing body knowledge about religiosity and service quality, it is recommended that similar future research be conducted in different service industry such as hospitals, restaurants and tourism.

This study covers only Malay Muslims, customers of Islamic banking industry in Malaysia. Although Islamic culture is common among Muslims, each country and each race has different and unique cultural background. Various researchers have proven that culture does influence customers' perception of service quality. Thus, different cultural settings may lead to different perceptions on service quality among Muslims in other countries. Future studies can be done with larger sample size and a wider variety of consumers with more diverse demographic backgrounds (e.g. rural and urban consumers, different level of income and education, different religions) as these variables provide useful insights into consumer behaviour based on previous researches. Moreover, future studies could also be based on broader set of cultural values across different cultural backgrounds and religions. Potentially, a cross-cultural study investigating differences between Muslim and non-Muslims could provide additional insights in terms of consumer behaviour, purchase decisions and their perception on service quality. Potential

correlations between some of the independent variables (e.g. gender, race, education, and income level) are other implications that could also be revealed from future researches

5.5 Conclusion

This final chapter presented conclusions on the main findings of the study, discusses its implications as well as the limitations before suggestions for future research were discussed.

Religion represents the most basic element of the individual's cognitive world. As such, they structure the individual's perception and understanding of himself/herself, of significant others and of the objects and behaviors which constitute his/her psychological environment. It is expected that individuals with high level of religious commitment would likely to align their behavior in compliant with their religious belief and practices. More specifically, religion represents a significant element in the problem-solving and decision-making phases as religious beliefs and practices may serve as a guide to an individual in the process of selecting solutions to problems in hand. In Islam, every Muslim's activities in life must be in accordance with *Akhlaq*, good moral conduct, as prescribed in the teaching of Islam.

This study examines the influence of the degree of religiosity among Malay Muslims and their perceptions on service quality dimensions. The study explores the difference between the perception on service quality among the devout, the moderately religious and the casually religious Malay Muslims in the Islamic banking industry in Malaysia. Consequently, the study investigates which service quality attribute is significant and highly related to religiosity. It is concluded that religiosity of Muslim customers has significant influences on their overall perception on the service quality in Islamic banking industry in Malaysia. Furthermore, the research has highlighted the influence of religiosity in the perception on service quality among the Muslim customers. Therefore, the degree of religious commitment among the Muslims customers

should be taken into consideration by the Islamic bank managers in designing their marketing and communication strategy

The management of Islamic banking industry can no longer depend on marketing strategy of attracting the devout and religious customers who might only concern about *Shariah* compliance aspect. It is essential for the Islamic bank industry to enhance its overall service quality which is now considered a critical success factor and survival in today's competitive banking environment