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Service quality in the context of the Egyptian Islamic banking industry

NOT TO BE
TAKEN AWAY

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Abstract

This study re-conceptualises service quality in an Islamic context. The conceptual framework underpinning this re-conceptualization sees service quality as a process which emanates from the management of an organization and how the philosophy of this organization is operationalized in the delivery of its services. As such, frontline employees are key elements in service delivery, and contributors to the quality of the service.

In the Islamic context, in areas such as service quality, banks' management should understand that the perspective of Islam requires other distinctive services to be provided in addition to functional banking services. These are not limited to the narrow view, namely providing the traditional services and being in compliance with the legal side of Islamic law. The wider meaning includes other services such as social responsibility, contribution to the development of society and the distribution of Islamic financial knowledge. With regard to employees, especially frontline employees in the area of service quality, the Islamic philosophy should mean that considering *Itqan* (quality is the synonym for this term) should be understood as both a functional and religious duty. Employees' dealings with customers should extend beyond the functional aspects to an approach where customers are considered as 'friends'.

To investigate this framework, the current research was applied to Egyptian Islamic banks. It used mixed method- interviews with frontline employees and questionnaires distributed to customers, as well as support from field notes and examination of banks' websites.

Egyptian Islamic banks, including their employees failed to understand, embody or practice the Islamic perspective on service quality. In the case of management, the failure was evident in issues such as an imbalance between providing functional and distinctive Islamic services. Customers' views were positive about the functional aspects of services and the legal side of financial transactions, but their views on the distinctive Islamic services were negative. Although employees confirmed that quality has Islamic roots represented in the term of *Itqan* (quality is the synonym for this term) as an inherent duty, the practice of this concept was not apparent to customers.

To re-conceptualise service quality in the Islamic context, Islamic banks, including their employees should understand that customer praxis, the process by which the Islamic perspective on service quality is translated into action, was the most important dimension from the customer perspective. The instrument suggested to measure service quality generally and apart from the Islamic context, should be a customized scale that is context, country, industry and religion specific at a particular time.

Declaration

I declare that the work in this thesis was carried out in accordance with the regulations of the University of Gloucestershire and is original except where indicated by specific reference in the text. No part of the thesis has been submitted as part of any other academic award. The thesis has not been presented to any other education institution in the United Kingdom or overseas.

Any views expressed in the thesis are those of the author and in no way represent those of the University.

Signed .... Date 20/12/2011.....

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Chapter One

The introduction

1-1 Introduction

Egypt, officially the Arab Republic of Egypt, is a country mainly in North Africa, forming a land bridge with Southwest Asia. It is the most populous country in the Arab world and the second-most populous on the African continent. Nearly all of the country's 80 million people live in Cairo and Alexandria; elsewhere on the banks of the Nile delta. Around 90% of Egyptian people are identified as Muslim. There is a significant Christian minority in Egypt, who make up between 5% and 10% of the population. Similar to most developed and developing economies, the service sector plays an increasingly significant role in Egypt. This includes the Egyptian banking sector. The Egyptian banking system comprises 57 state owned commercial banks. This includes 28 commercial banks, four of which are state-owned, 26 investment banks (11 joint venture banks and 15 branches of foreign banks), and three specialized banks. In this context Islamic banks among other banks, form the structure of the banking industry (Hegazy, 2011; Poshakwale and Qian, 2011).

The Islamic banking industry has grown, multiplied and developed as one of the fastest growing financial service industries and has spread around the world through Muslim and non-Muslim countries alike (Iqbal and Molyneux, 2005; Dusuki, 2008; Gait and Worthington, 2008). The process of applying Islamic finance in Egypt has taken two forms. The establishment of the formal banking system (both public and private, besides the Islamic branches in the conventional banks) and the informal banking sector, the latter being represented in the formulation of Islamic money management companies. The highest profile experiment in Islamic finance was conducted in Egypt, with the establishment of the savings Bank of Mit Ghamr Bank in 1963. Although its charter did not refer to *Shariah*, the bank's operations complied with Islamic principles, as it neither charged nor received interest. However, it was forced to stop its operations in 1968.

The next attempt in Islamic finance came with the establishment of the Naser Social Bank (NSB) with a special statute in 1971. Although there was no direct reference to *Shariah*, it conducted its operations based on interest-free activities, and collection of *Zakat*. By the mid-1970s, the boom in oil prices and the willingness of Egyptian government to attract Arab investments had pushed the government to alter its policy

towards Islamic finance. This shift was represented in its acceptance of the establishment of fully-fledged private Islamic banks into its financial system. The process started with the establishment of Faisal Islamic bank of Egypt, which started operation in 1979.

Unlike the two previous experiences, the bank's charter mentioned explicitly that it was a *Shariah* compliant bank. There was a heavy demand for the bank's shares at the time of subscription of the Bank's capital. This demand was five times greater than the shares offered for subscription. The bank is registered at the Central Bank of Egypt (CBE) subject to the provisions of the law of the CBE and the banking system No. 88 of the year 2003. The bank is also subject to the supervision of the CBE and is committed to carrying out all its instructions in addition to submitting the required monthly reports to the general administration for supervising banks ((Iqbal and Molyneux, 2005; Faisal Islamic Bank of Egypt, 2008). The second private Islamic bank, the International Islamic Bank for Investment and Development (IIBID), was establishment in 1980.

However, in 2006, the Central Bank of Egypt decided to merge IIBID with United Bank and Nile Bank, forming a new entity called "The United Bank". In 1988 Al-Baraka Bank Egypt was established. The bank declared explicitly in its charter that all its transactions were compliant with *Shariah* (Mouawad, 2009). Al-Baraka banking group offers retail, corporate / investment banking and treasury services strictly in accordance with the principles of the Islamic *Shariah*. The group has a wide geographical presence in the form of subsidiary banking units and representative offices in twelve countries, which in turn provide their services through more than 300 branches. It has many subsidiaries in African countries and in Indonesia and the Middle East. It is listed on the Cairo stock exchange. Al-Baraka bank Egypt currently maintains a network of 15 branches, having opened 5 new branches in 2004, in addition to several money changing bureaux in hotels and other strategically located sites (Al Baraka Banking Group, 2008).

In the context of the banking sector as a service industry, service quality has received increased attention from both researchers and practitioners. Delivering quality service to customers is an essential element for success and survival in today's

global and highly competitive banking environment (Parasuraman et al., 1985; Wang et al., 2003; Jabnoun and Khalifa, 2005). In addition, the competition between various banks to provide better goods and services has become more visible (Othman and Owen, 2001). Service quality is one of the most researched subjects in the area of services marketing, and the subject is vital if companies aim to keep a competitive advantage in the marketplace (Robledo, 2001; Akbaba, 2006; Tsitskari et al., 2006; Hossain and Leo, 2009). The significance of service quality to customer satisfaction, its influence on loyalty and market share, increased productivity, improved financial performance, profitability, lower costs, and lower staff turnover has been stressed by many researchers (see for example: Bolton and Drew, 1991; Anderson et al., 1994; Newman, 2001; Jabnoun and Al-Tamimi, 2003; Wang et al., 2003; Zeithaml and Bitner, 2003; Karatepe et al., 2005).

The significance of service quality in the banking sector in this sense is not exceptional (Chaoprasert and Elsey, 2004; Hossain and Leo, 2009). Thus, as a tool for competition in such a competitive environment, providing good customer service of high quality is considered one of the most important means for organizations to differentiate themselves (Parasuraman et al, 1988; Cronin and Taylor, 1992; Robledo, 2001; Karatepe et al., 2005; Hossain and Leo, 2009). This applies equally to the banking sector (Bahia and Nantel, 2000; Allred and Addams, 2000; Chaoprasert and Elsey, 2004; Hossain and Leo, 2009). Interestingly aforementioned perspective about service quality, this concept has a distinctive meaning in Islam. This is explained in the following section.

1-2 The research background

In the context of Islamic banks, service quality has distinctive dimensions other than those that are widely found in the literature. In short, service quality is considered a religious and functional duty that has its roots in the Quran and *Sunna* (the deeds and sayings of the prophet Mohamed) (Al-Qaradawi, 1995; Othman and Owen, 2001). Organization and individuals theoretically should be united in their aim to practice a codified Islamic philosophy in the area of service quality. Nevertheless, the perspective commonly applied in the Arabic and Islamic literature concerning the subject of service quality, which is explained later in section 4.4, is similar to the predominant perspective discussed in the literature, which was designed to be

appropriate to a Westernised, developed banking industry. In order to explain more fully this distinctive view of Islam, especially in relation to the issue of service quality in the Islamic banking sector, the following paragraphs discus the elements of organizations and individuals roles and responsibilities in Islam.

In terms of organization, Islam has its own perspective on the area of business activities with regard to how business should be done, with a special focus on social and ethical responsibilities. The Islamic religion cannot be divorced from any aspect of life, including business, and Muslims worldwide are required to lead their lives according to *Shariah*, as far as possible given their circumstances (Anas and Mounira, 2009).

In the context of the Islamic banking industry, the fundamental differences between Islamic and non-Islamic banks should not only be in the ways they practice their businesses, but above all in the philosophy and values that guide Islamic banking's whole operation and outlook. Those which prevail within the ambit of *Shariah* are expressed not only in the minutiae of its transactions, but also in the breadth of its role in society. This demands the internalisation of these principles to Islamic financial transactions, in their form, spirit and substance. By so doing, an organization can epitomize the objectives of *Shariah* in promoting both economic and social welfare. In other words, as *Shariah*-based firms, Islamic banks need to fulfil social obligations that go beyond the conventional capitalist worldview centred on maximising profits (Dusuki and Abozaid, 2007; Dusuki, 2008; Anas and Mounira; 2009).

The specific issue that needs to be explained here is a fuller understanding of the concept of *Shariah*, including how it applies to the area of service quality. What is dominant in the Islamic financial literature (see for example: El-Gamal, 2000; Lewis and Algaud, 2001; Satkunasegaran, 2003) is an understanding of *Shariah* that is related to a narrow legalistic interpretation of Islamic law, which is not fully the appropriate meaning of the concept of *Shariah*. What is missing is that *Shariah* is a way of life for a Muslim, and its concept cannot be limited to a legal framework (Al-Qaradawi, 1995; Dusuki and Abozaid, 2007).

Therefore, there is an area of misunderstanding of the appropriate meaning of *Shariah* as it applies to the issue of service quality. What is common is that quality is interpreted as providing goods and service that are consistent with the legal framework of *Shariah*, while issues such as the social responsibility of an Islamic bank, promote economic and social welfare, the contribution to the distribution of Islamic financial knowledge among its employees and customers, and contribution to developing society have been subsumed to the practical considerations of Islamic bank transactions. Thus, in order to understand the appropriate meaning of *Shariah* in the area of service, Islamic banks need to provide goods and services that fully reflect the distinct values and principles of Islam.

However, in the Islamic literature there is a limited body of work regarding the appropriate understanding of the concept of *Shariah* in the area of Islamic banking. The following are examples of these studies:

Dusuki and Abozaid (2007) discussed the challenges for the proper realisation of *Maqasid Al-Shariah* (objectives of *Shariah)* in Islamic banking and finance. The main focus of their paper was to address the need to revitalise Islamic banking and finance practices based on a proper understanding and implementation of the *Maqasid Al-Shariah*. They stated that being *Shariah*-compliant is not just about satisfying the mechanics of financial operations fulfiling the legal documentation required, or focusing on the legal form of a contract. *Shariah*-compliant banking requires financial contracts to be *Shariah* compliant both in terms of form and substance, enabling operations to be *Shariah* compliant and Islamic banking to be more ethical, and socially responsible. They conclude that in order for the *Maqasid Al-Shariah* in Islamic banking and finance to be achieved, all of its transactions must be *Shariah* compliant not only in their forms and legal technicalities, but more importantly in their economic substance. Otherwise, Islamic banks will only appear to be an exercise in semantics; their functions and operations are really no different from conventional banks, except in their use of euphemisms to disguise interest and circumvent the many *Shariah* prohibitions.

Applying the Islamic perspective, especially in relation to the social responsibility of Islamic banks, Anas and Mounira (2009) stated that unlike conventional banks,

Islamic banks' objectives should include social responsibilities. Capital must have social purposes beyond pure, unfettered return.

Just as service quality should have a distinctive meaning for Islamic organizations, so it should also be understood by employees.

What can be said is that Islam is a way of life, not just a religion, and business cannot be separated from a Muslim's daily life (Beekun and Badawi, 2005). Islam concentrates on the point that "work is worship" (Ali, 1992; Saeed et al., 2001; Ali and Al-Kazemi, 2007; Ali and Al-Owaihan, 2008). Ideally For a working Muslim, worshipping his creator is by itself a powerful motivating factor regardless of any return in the form of material gain.

Thus, in striving to gain the pleasure of Allah, the worker's performance does not entirely depend upon the reward system of the organization they work for, or the society in which they live. As they work supposedly toward a loftier objective, namely, the well-being of this world and the hereafter, a decrease in worldly and materialistic reward would not adversely affect their performance. An Islamic worker will be more ready to defer self-gratification or make some personal sacrifices in terms of time, effort, or money should their organization pass through difficult times (Ahmad, 2009). A Muslim directs their attention in all activities to please Allah which is the aim demanded of a Muslim worker. Thus, a Muslim chooses an activity or area which brings them Allah's satisfaction even though this activity might be of little material profit and at the same time refuses to participate in a field which brings them Allah's dissatisfaction, even though this field brings a large material profit.

In Islam, one of the most important issues related to the concept of employees work values is the concept of *Itqan.* The prophet said "Verily, Allah loves that when anyone of you does a job he has to do it at the level of *Itqan*" (Al-Qaradawi, 1995). So, doing a job at a high level of quality is a matter of dealing with Allah. Here dealing with Allah means worship, and worship is the purpose for which man was created. The desired result of *Itqan* is not only related to transactions that occur between people, it is a concept that has far reaching aims in promoting quality.

The request for *Itqan* is also not only related to gaining reputation or profit, it equally applies to the human who is engaged in the work itself. The benefit of *Itqan* is required in itself in dealing with Allah. The implication is that *Itqan* is vital and a duty for everyone, at all times. This is seen in the elevation of the concept of *Itqan* from simply dealing with the market and what is requested by customers to a sacred matter, where the worker has to consider his job with the feeling that by this *Itqan* he is dealing with Allah and will be judged in the hereafter. The previous discussion plus the contribution of the research leads to the view that Islamic values concerning business should represent the approach of a Muslim worker to everyday life, and this is especially true of employees of Islamic banks, particularly frontline employees, where values such as *Itqan* should by recognised, understood and transformed into action with customers.

What can be said about the subject of service quality in general and from an Islamic perspective is that there has been little research into service quality in developing countries, especially in the banking sector and the bulk of research that has been carried out has been in the context of US and European banking institutions (Angur et al., 1999; Amin, and Isa, 2008). The lack of research into service quality in developing countries is reflected in the paucity of material investigating the Islamic banking industry that link between business management and the Islamic religion in particular (Saeed et al., 2001; Yousef, 2001; Abu-Saad, 2003; Ali, 2005; Beekun and Badawi, 2005; Whiteoak et al., 2006; Chachi and Latiff, 2008), and to date, there have been few empirical studies regarding the dimensions of service quality in Islamic banks (Tahir and Ismail, 2005; Amin, and Isa, 2008).

Perhaps the most important piece of work was provided by Othman and Owen (2001). In their study they developed an instrument to measure service quality in Islamic banking with six dimensions, namely; Compliance, Assurance, Reliability, Tangibles, Empathy, and Responsiveness, (CARTER). What can be noted here is that the CARTER model was built by adding the dimension of compliance with *Shariah* to the five dimensions of the SERVQUAL model. The SERVQUAL model was developed by Parasuraman, Zeithaml, Berry in 1985 consisting of 10 dimensions. Later, in 1988, Parasuraman et al. reduced the ten dimensions into five. These five dimensions are tangibility, reliability, responsiveness, assurance, and

empathy. However, what can be argued regarding the CARTER model is that this instrument concentrates mainly on the legal side of financial transactions, which does not reflect the wider view of Islam in this area. Therefore, in order to better reflect the Islamic perspective, which includes further issues such as the social responsibility of an Islamic bank, the CARTER model was modified in the current research. Therefore, it is important to also study banking institutions in other environments, because besides making a contribution to understanding these under-researched areas and making recommendations for managerial improvements, such a study provides a new perspective on service quality that can broaden understanding of the subject.

To explore the Islamic view regarding the subject of service quality, the current research concentrates on the area of the Islamic banking industry in general and Egyptian Islamic banks in particular. The choice of these Islamic banks can be justified by the fact that Islamic banking is an essential component of everyday Muslim business life (Al-Qaradawi, 1995; Tahir and Ismail, 2005; Anas and Mounira, 2009). Islamic banks should operate in accordance with the conscience and practical interests of practicing Muslims. Islamic banks constitute a highly prominent sector in Islamic finance. Moreover, Islamic banks in essence are supposed to reflect the values and principles of the Islamic perspective in action, especially in the area of social responsibility. These values and principles were and still are the distinguishing features that Islamic banks pride themselves on following. Egypt was chosen because there were no Islamic financial institutions in Libya, the country of origin of the researcher. Also, Egypt has a long tradition of Islamic banks and there are many similarities between Egyptian and Libyan culture and society, assisting the conduct of the research and enabling the researcher to better understand the research context. There were also many logistical and access considerations which supported the researcher conducting the investigation in Egypt. Therefore, this study aims to help to fill this gap in knowledge by investigating the concept of service quality from an Islamic perspective through the study of two Egyptian Islamic banks, which are representative of the Islamic banking industry in Egypt.

1-3 The research question and objectives

As mentioned earlier, the Islamic perspective is considered to play an important role of the behaviour of an organization, and individuals. Clearly, this should be applied in the context of the Islamic banking industry, especially in relation to the issue of service quality. Thus, the current research addresses the following question:
How is the concept of service quality viewed from an Islamic perspective?

To help answer this question, four objectives were formed, as follow:

1- To construct from the literature an initial conceptual framework of service quality from an Islamic perspective.

2- To explore a number of the concepts of principles of work and particularly the concept of service quality among frontline employees of Egyptian Islamic banks.

3- To investigate the dimensions of service quality by using the modified CARTER model from the perspective of customers of Egyptian Islamic banks.

4- To provide recommendations and suggestions for the delivery of service quality in Islamic banking based on information gained in relation to Egyptian Islamic banks.

As a basis for the empirical investigation, the Egyptian Islamic banking sector was selected, and to collect data, a mixed method technique (questionnaire, interview, and observations) was adopted.

To answer the research question and objectives, 400 questionnaires were distributed to customers of two Egyptian Islamic banks (Faisal Islamic bank of Egypt and Al Baraka Bank Egypt), and semi-structured interviews were conducted with 12 frontline employees of Egyptian Islamic banks: in addition the researcher conducted observation in the form of field notes during both questionnaire distribution and interviewing.

1-4 The significance of the research

In general, the significance of the study stems from its originality and purpose:

1- It contributes to the further development of service quality theory in terms of reconceptualising service quality in a novel context, which is the Islamic banking industry.

2- It adds to the debate about the usefulness of the SERVQUAL model, and discusses in detail how appropriate its adaptation, the CARTER model, is to the Islamic banking industry, and in particular raises questions about the efficacy of these models in evaluating the issue of service quality.

3- It sheds light on the nature and principles of Islamic banking to help explain the significant values and principles of Islamic banks, which that were and still are, extremely vital in the establishment of this industry.

4- This study is distinctive and more detailed than previous studies as it specifically studies the wider context of Islamic values and principle with regard to service quality. Previous studies, (for example, Al-Tamimi and Al-Amiri, 2003; Shafie et al, 2004; and Ashour and Wady; 2005) have concentrated on specific issues related to the subject of service quality in Arabic and Islamic banks, such as identifying the most important dimension of SERVQUAL and the role of demographic factors in evaluating the level of service quality.

5- To the researcher's knowledge, it is the first piece of work at this academic level regarding the concept of *Itqan* in the context of service quality, both at a theoretical and a practical level.

6- This study also seeks to provide guidance to managers of Islamic banks in Egypt regarding the issue of service quality and where improvement can be made to maintain consumers and win new ones.

7- Although it is ten years since Saeed et al. (2001, p1) mentioned that the Islamic perspective in today's global business has been largely ignored by researchers, the absence of literature in this field is still the case today. Thus, this area is still ripe for research.

1-5 The scope of the research

As this study aims to identify the concept of service quality from an Islamic perspective; some Islamic religious issues are discussed. However, this research is not a religious study. In fact, its scope is to consider issues from an Islamic financial perspective, rather than from the perspective of an Islamic scholar. Also, what should be noted is that there are other non-Islamic organizations or groups who are also concerned about applying values or ethics in their daily work life. Egyptian Islamic banks are considered as a particular case in this research, but the results may also have relevance in other non-Islamic settings where a codified set of values seeks to underpin economic activity and its delivery – including the provision of service quality. In order to address the purpose and scope of this research, the thesis examines a range of issues and undertakes primary research. The structure of these considerations is detailed below.

1-6 The structure of the thesis

The structure of the thesis consists of seven chapters including this introduction.
In chapter two, the Islamic banking industry is reviewed. In this context, the basic concepts of the Islamic economy, and principles of Islamic finance, and the distinctive features of the Islamic banking industry are presented. Moreover, in order to explain the distinctive view of Islam with regard to the concept of service quality, the concept of quality in general and from an Islamic perspective in particular is discussed.

In chapter three the key schools of service quality, namely the Nordic and the North American schools, are presented. Since this study is related to the banking industry in general, the key studies about the subject of service quality in this sector and those conducted in the Arabic and Islamic environment are represented. Also, studies using the CARTER model are considered.

The research methodology is presented in chapter four. It starts with the research paradigm and approach. This is followed by the study sample and respondents. Then the processes of the two main tools for collecting data (interviews and questionnaires) are presented. After that the difficulties faced during the research are discussed.

Chapter five presents the findings from the main data collection elements (interviews and questionnaires). The interview process includes a description of the interviewees, principles of work and the issue of service quality from an Islamic perspective. The questionnaire process includes descriptive statistics of the study sample, descriptive statistical analysis of the modified CARTER items, a comparison between the two Egyptian Islamic banks in terms of data analysis, and then, in order to compare between services in essence rooted in Islamic values and those based on Western values, the modified CARTER model is divided into specifically Islamic and purely functional items. Finally, the results of the factor analysis are presented.

Chapter six discusses the data collected from the field study. The chapter starts by discussing the findings of the interviews, then the questionnaires. The overarching message which arises from this research is presented.

The conclusion is given in chapter seven. It starts with a research overview about the key issues related to the study subject. This is followed by the conceptual and practical aspects of service quality in the Islamic context. Then, a general view to service quality is discussed. Finally, the contribution of this research, recommendations, the limitations of the research, and issues for future research were presented.

Chapter Two
A theoretical grounding

2-1 Introduction

The banking system is not isolated from the culture and surrounding environment in which it operates. The Islamic banking system for example has its distinctive features and characteristics that distinguish it from other systems (Chong and Liu, 2009). Also an issue such as service quality has a distinctive meaning in that it is considered as important aim in itself, regardless of the material benefits. It is both a religious and functional duty for the organization and individuals.

In the light of this introduction, this chapter aims to identify the theoretical framework of the Islamic economy and Islamic banking in more detail. Also, the distinctive meaning of service quality in Islam is explained. Therefore, this chapter is divided into 12 sections. In section two, the basic concepts of the Islamic banking industry are outlined. Section three discusses principles of Islamic finance. The Islamic method of finance is explored in section four. Section five examines the concept and the development of Islamic banks in more detail. The concept of quality, service quality, and its relationship with customer satisfaction are provided in section six, seven, and eight. The concept of Service encounter is explained in section nine. In section ten and eleven the concepts of work and quality are provided. Finally a summary is provided in section 12.

2-2-The basic concepts of the Islamic economy

The Islamic banking system has specific features that distinguish it from other systems. These features stem from the Islamic economic system. Thus, a brief review of this system and the philosophy of Islamic banks is provided to lend context and to outline foundational principles.

2-2-1 Distribution of Income and wealth: Allah is the owner of all wealth, people are trustees of this wealth, hoarding money is prohibited and the circulation or rotation of wealth is a duty (Quran, 24:33; 57:7; 9:34; and 59:7)1.

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1. Note: this and all subsequent mention of the Quran is taken from:
The Meaning of the Holy Quran. Translation by Abdullah Yousf Ali. New Modern English edition. Published by Islamic *Dawah* Centre International (IDCI), Birmingham, UK March 2007.

2-2-2 Ownership: people acquire wealth by proxy and are entrusted with the stewardship of Allah's possessions (Lewis, 2001). This does not mean that people are not allowed to acquire wealth, and there is no limit to it as long as it is acceptable by Shariah (Ahmad, 1995; Al-Magrbi, 2004).

2-2-3 Paying Zakat: according to Shariah, Zakat is one of the five pillars of the Islamic religion (Quran, 2:43). Although it is a huge subject, linguistically Zakat means "cleanness" or "increase" (for more information see for example Al-Qaradawi, 1995).

2-2-4 The concept of money: its crucial role is to transfer goods and services from one region to another, and to allow individuals to consume and spend. Seeking to acquire profit from business cannot be done by investment in money itself, or by speculation on interest rates or options. Therefore, much attention has to be given to the role of money in economic activities, and any failure to do this can lead to serious problems, whether at the national or international level.

2-2-5 The Social Responsibilities (Islamic Banks as an example)

As mentioned previously, according to the principles of Islam, business activities cannot be separated from the society where they operate (Usmani, 1999; Hassan and Latiff, 2009). In this context, social responsibility refers to the "obligations that an organization has to protect and contribute to the society in which it functions" (Barney and Griffin, 1992, cited in Beekun, 1997).Whereas the common view in conducting business is that financial criteria represent the only motivation of investment decisions, in Islam, the social dimensions of business have to be taken into account theoretically and practically (Anas and Mounira, 2009). Thus, it is a duty for organizations to support needy people in order to please Allah (Azid et al., 2007). This spending is seen from an Islamic view as a benefit to business organizations rather than a cost (Parvez and Ahmed, 2004; Hassan and Latiff, 2009). The policy of the maximisation of profit while neglecting its social obligations is not the appropriate approach of an Islamic bank (Haron, 1995; Azid et al., 2007; Yusof and Amin, 2007; Anas and Mounira, 2009).

The Islamic values upon which banks claim to operate give them an important role to social issues (Maali et al., 2005). Thus, Islamic banks are described as "banks

having a social face" (Mashhour, 1996; Maali et al., 2005). The International Association of Islamic Banks (IAIB) clarified the duty of Islamic banks in a public statement in 1990, saying that "the Islamic banking system involves a social implication which is necessarily connected with the Islamic order itself, and represents a special characteristic that distinguishes Islamic banks from other banks based on other philosophies. In exercising all its banking or development activities, the Islamic bank takes into prime consideration the social implications that may be brought about by any decision or action taken by the bank. Profitability – despite its importance and priority – is not therefore the sole criterion, or the prime element in evaluating the performance of Islamic banks, since they have to match both between the material and the social objectives that would serve the interests of the community as a whole and help achieve their role in the sphere of social mutual guarantee. Social goals are understood to form an inseparable element of the Islamic banking system that cannot be dispensed with or neglected" (cited in Al-Omar and Abdel-Haq, 1996). In a study conducted by Hassan and Latiff, (2009) factor analysis indicated that the social responsibility of Islamic banks was considered by customers of these banks as one of the most important aspects that led them to patronize an Islamic bank. Also, Al-Ajmi et al. (2009) found that Islamic religious belief and social responsibility were the two most important factors that determined a customer's bank selection.

On the other hand, it is unacceptable to suppose that an Islamic bank is a charitable organization aiming only to provide financial support to poor people (Rosly and Bakar, 2003). Islamic banks have to be able to provide adequate returns to their depositors (Ahmad, 2000; Dusuki and Dar, 2005). However, although the size and activities of Islamic banks have increased, there is a lack of studies concerning the issue of the social responsibility of these banks, while direct attention is given to issues that are related to Islamic accounting (Parvez and Ahmed, 2004). Those studies that have addressed the issues of the social responsibility of Islamic banks have indicated that these banks did not fulfil their social role in the community where they operated (Aggarwal and Youssef, 2000; Maali et al., 2005).

Also, a study of 32 Islamic banks from different countries conducted by the International Institute of Islamic Thought (IIIT) (1996) indicated that economic

objectives overrode social responsibilities. This also happened when evaluating investment opportunities (cited in Maali et al., 2005). Maali et al. (2005) conducted their study on 29 banks from different Muslim countries, in an attempt to identify the reason why Islamic banks ignored the issue of social responsibility; they suggested that it was because many managers of these banks had previously worked in Western-type banks, and were not fully aware of this issue. In the same context, Dusuki (2008) saw the reason why Islamic banks ignored the issue of social responsibility was that Islamic banking literature focused only on commercial matters, while the issue of social responsibility occupies a back seat in the discussion. Scholars who support this latter view such as Lewis and Algaud (2001) and Satkunasegaran (2003) posit that Islamic banks are "normal" bodies which have to do business in a way that is acceptable only by Islamic "law", while other issues such as social responsibility have to be conducted by other entities, for example the government. However, in the area of Islamic business and in order to achieve benefits for the whole of society, scholars have called for a balance between material and social aims (Haron, 1995; Al-Qaradawi, 1995; Al-Omar and Abdel-Haq, 1996; Ahmad, 2000; Dusuki, 2008). This seems to be the appropriate view in order to benefit all parties.

2-3 Values and principles of Islamic finance

2-3-1 The Prohibition of *Riba* (interest or usury)

Riba is an Arabic word that means any growth or increase in a loan which must be paid by the borrower to the lender, irrespective of whether the increase is small or large (Al-Jarhi and Iqbal, 2001; Siddiqui, 2004). In general it is argued that the prohibition of *Riba* is the most significant principle of Islamic finance (Quran, 2:275; 2:278-279).

2-3-2 Profit and Loss Sharing (PLS)

As mentioned above, *Riba* (interest) is prohibited in Islam, but Islamic law encourages Muslims to be partners in business. As a result, profits and losses are shared between them instead of being creditors and debtors.

2-3-3 Prohibition of *Gharar* (uncertainty)

Generally, *Gharar* is translated as uncertainty, risk, or hazard. El-Gamal (2000, p.7) defined *Gharar* as "...the sale of probable items whose existence or characteristics are not certain, due to the risky nature which makes the trade similar to gambling". Al-Saati (2003) argues that among Muslim scholars there is no agreement regarding the degree of doubt in business transactions which can be considered as *Gharar*. In general, *Gharar* is a broad concept and considered as one of the most important dubious contracts in Islamic law. Nevertheless, there are permitted transactions, despite the presence of financial risks. Therefore, *Gharar* that is forbidden in Islam is an "obscene damage", which can occur in transactions that are similar to gambling (Al-Saati, 2003).

2-3-4 Prohibition of *Maysir (*gambling)

Most Islamic scholars regard *Maysir* as gambling or any games of opportunity that include betting on the outcomes of animal races, casino-type game and lotteries (see for example: Al-Hwary, 1980; Al-Qaradawi, 1995; Siddiqui, 1988; Al-Magrbi, 2004). These transactions that involve deliberate risk-taking are prohibited by *Shariah* (Quran, 90:5; 2:219).

2-3-5 Prohibition dealing in prohibited commodities

According to Islamic law, some commodities, such as illegal drugs, alcohol, pig products, tobacco, pornography, are firmly prohibited even if investing or dealing in these commodities is very profitable (Al-Qaradawi, 1995). However, what can be seen now at the end of this section is that Islamic scholars have found tools that are compatible with *Shariah* law and can be used by Islamic banks instead of dealing in activities that are prohibited according to Islamic law. The next section reviews the Islamic methods of finance that are provided by Islamic scholars as an alternative to non-Islamic financial transactions.

2-4 The Islamic method of finance

2-4-1 *Mudarabah* (trust financing)

Mudarabah is an agreement between two parties, where one party (bank or individual) who is the owner of the capital provides finance; another (*Mudarib*) provides labour or effort for the goal of carrying on trade in a particular enterprise

(Al-Jarhi and Iqbal, 2001; Al-Magrbi, 2004; Chiu and Newberger, 2006; Chong and Liu, 2009). As a result of this contract, profit resulting from investments or business will be shared according to some pre-agreed ratio between the two parties; in case of losses, the financier bears all the losses, while all that the entrepreneur loses is his/her labour (El-Gamal, 2000; Gait and Worthington, 2007).

2-4-2 *Musharakah* (partnership)

Literally *Musharakah* is an Arabic word meaning sharing. In the environment of trade or business in Islamic banking it means an Islamic method of finance where two or more parties make a financial agreement to establish a project based on effort and capital contributions; with profits and losses to be shared according to a pre-agreed ratio (Lewis and Algaoud, 2001; Gait and Worthington, 2007). Therefore, all the parties (shareholders) in this contract have the right to engage or be a contributor in the management of this company; and all of them have to be treated on an equal footing according to the vital principle in the Islamic religion, which is profit and loss sharing (PLS).

2-4-3 *Murabaha* (mark-ups on sale)

In the Arabic language *Murabaha* as a term means profit. In the financial sector *Murabaha* means cost plus profit (Al-Jarhi and Iqbal, 2001; Al-Magrbi, 2004; Chiu and Newberger, 2006; Chong and Liu, 2009). In the *Murabaha* contract, a customer who desires to buy property or goods requests the bank to buy them on his behalf, which is considered the first stage, and after that the bank sells these items to the customer with a certain amount of profit agreed upon extra to the original cost, which must be disclosed by the seller. Therefore, there are two contracts. The first one is between the customer and the financial institution, and the second one is between the financial institution and the seller.

2-4-4 *Bai Salam* (advance payment sale)

Bai Salam or pre-paid goods defined by Muhammad and Chong (2007) as "a sale of an object, which is not available at the time of the conclusion of the sale, but will be delivered in the future on a fixed future date. The price is, however, to be paid immediately during the session of the contract". Although the existence of goods is a necessary demand according to Islamic law for the reason of *Gharar*, exceptions

have been given by many scholars for *Bai Salam* and *Istisna* (see below) to facilitate certain kinds of business.

2-4-5 *Istisna* (commission to manufacture)

Muhammad and Chong (2007, p.23) defined *Istisna* as "...an order or request to manufacture something, whereby the requestor invited, induced or caused another to make or manufacture some goods for him. Technically, it is a contract to purchase for a definite price something that may be manufactured later according to agreed specifications between the parties".

2-4-6 *Ijarah* (leasing contract).

Ijarah as an Islamic method of finance literally means "to give something on rent" (Lewis and Algaoud, 2001). Conceptually this term means "A contract of exchange where one party enjoys the benefit arising from employment by another party in return for a consideration for the services rendered and from the use of an asset" (Shariff and Rahman, 2003).

2-4-7 *Qard Hasan* (A benevolent or good loan)

The *Qard Hasan* is a type of benevolent loan designed to help needy people. At the end of the period predetermined for the loan, the borrower must return the loan amount to the lender. The lender cannot ask for any extra money (known as interest) for the loan, he can claim back only the principal amount lent and nothing else (Abdul Jalil and Rahman, 2010).

2-4-8 *Takaful* (cooperative or mutual insurance)

According to Islamic law, most Islamic scholars say that commercial insurance involves *Gharar* (uncertainty), and for this reason it is prohibited (El-Gamal, 2000). To solve this issue, Muslim jurists have introduced an Islamic alternative that is termed cooperative or mutual insurance. According to El-Gamal (2000, P.26) "In cooperative insurance, a group of subscribers contribute to a pool of funds, whenever one of the members makes a legitimate claim (relative to the specific form of cooperative insurance to which they subscribed), they draw money out of the pool. In the meantime, the funds in the pool are invested in an Islamic manner and without exposing the policy holders to any extra significant risk". Cooperative insurance was derived by Muslim jurists from the Holy Quran (Quran, 5:2).

The previous sections were related to Islamic values and principles in the area of business. However, since this research aims to examine the subject of service quality in the context of the Islamic banking industry, the next section aims to shed more light on this industry.

2-5 Islamic banking

Islamic banks have emerged and continued to grow since the 1970s, with the main mission of achieving economic and social developments through providing financial products and services in accordance with the principles and teaching of Islam (Al-Ajmi et al., 2009). The spread of these banks is not only confined to Arab and Muslim-dominated countries, the Islamic banking system has also gained momentum in different parts of the world including Europe and the US (Iqbal and Molyneux, 2005; Dusuki, 2008; Abdullah and Kassim, 2009).

What can be summarised from the literature is that there are different views of the definition of Islamic banking (Schaik, 2001). These start from a simple definition of the Islamic bank as an organization which does not deal with interest and instead uses profit-loss sharing (Lewis and Algaud, 2001; Al-Jarhi and Iqbal, 2001; Satkunasegaran, 2003), to the wider definitions adopted by other authors who define the Islamic banks based on the values and principles behind their establishment (Al-Hwary, 1980; Siddiqui, 1983, 1985; Haron, 1995; Ahmad, 2000; Siddiqui, 2001; Rosly and Bakar, 2003; Haron and Hisham, 2003; Divanna, 2006; Dusuki, 2008). As example of the narrow view of Islamic banks is their definition as "a deposit-taking banking institution, whose scope of activities includes all currently known banking activities, excluding borrowing and lending on the basis of interest" (Al-Jarhi and Iqbal, 2001). The wider definition of such banks is to define them as "a financial and Islamic organization which provides financial and banking services in addition to the investment and finance in several activities according to *Shariah*, in order to instil the values and principles of Islam in the area of transaction and also contribute to the achievement of social and economic development" (Al-Hwary, 1980).

With regard to Egyptian Islamic banks, which are the area of research in this study, what appears from the mission statements of these banks is that the wider definition, especially in terms of the social role of the Islamic bank, is the approach chosen by

these banks. In this context, for example, Al-Baraka Bank Egypt introduces itself as an "institution that mobilises financial resources and invests them in an attempt to achieve predetermined Islamically-acceptable social and financial objectives" (Al Baraka Banking Group, 2008). What can be seen here is that the narrow view or definition of Islamic banks has to be reviewed. Islamic banks did not develop only in order to offer a method of transaction that avoids dealing with interest; instead Islamic banks were intended to apply Islamic values and principles related to business in general, and the Islamic banking industry in particular. In this context, one of the more comprehensive definitions comes from the State Bank of Pakistan "Islamic banking has been defined as banking in consonance with the ethos and value system of Islam and governed, in addition to the conventional good governance and risk management rules, by the principles laid down by Islamic *Shariah*. Interest free banking is a narrow concept denoting a number of banking instruments or operations, which avoid interest. Islamic banking, the more general term is expected not only to avoid interest-based transactions, prohibited in the Islamic *Shariah*, but also to avoid unethical practices and participate actively in achieving the goals and objectives of an Islamic economy" (Al-Qaradawi, 1995; State Bank of Pakistan, 2007).

Since Islamic banks operate according to *Shariah*, one distinct feature of Islamic banking is the role of the *Shariah* board, which forms an integral part of an Islamic bank (Anas and Mounira, 2009). Its main function is to review and ensure that all transactions, contracts, products and applications comply with *Shariah* rules and principles according to the specific *Fatwa* (a religious opinion concerning Islamic law issued by an Islamic scholar), rulings and guidelines that have been issued (Alsayyed, 2009). The board includes some of the most respected contemporary scholars of *Shariah* and the opinions of these boards are expressed in the form of *Fatwas* (Divanna, 2006; Anas and Mounira, 2009).

Broadly speaking, the three key functions of *Shariah* boards are:

1- to provide advice to Islamic banks;

2- to supervise and audit the transactional procedures of Islamic bank; and

3- to supervise and actively participate in the creation of innovative *Shariah* compliant investment and financing products and services (Anas and Mounira, 2009).

However, the point which should be raised here is that most authors see the role of the *Shariah* board in terms of the legal side of the transactions carried out by the Islamic bank. In this context what can be argued is that the role of this board should not be limited only to making *Fatwas*, but should include other issues such as the contribution of the bank to the distribution of Islamic financial knowledge and raising Islamic values and principles, especially in the area of the Islamic banking industry. The differences between Islamic banks and non-Islamic banks are summarised in table 1:

Table 1: Fundamental distinctions between Islamic banks and non-Islamic banks

Islamic Banks	**Non-Islamic Banks**
Functions and operations are guided by *Shariah*	Functions and operations are not guided by Islamic principles.
Institutions that aim at balancing between profit-maximisation doctrine and social responsibility.	Institutions that emphasise profit maximisation
Financing instruments are based on either asset-backed trading contracts or equity financing with risk sharing	Financing instruments are based on interest bearing mechanism
Deposits are not interest-oriented but profit loss sharing oriented whereby an investor's principal repayment is not guaranteed but entitled to a predetermined share of actual profit realised by the business.	Deposits are interest oriented and the investor is assured of a predetermined rate of interest with a guaranteed principal repayment
No penalty on defaulters. However some Muslim countries allow charging a small percentage of late payment	Normally charge compounded rate of interest in case of default

penalty as a deterrent but the amount needs to be channelled to charity and not treated as part of business income.	
Islamic banks are restricted from participating in economic activities which are unethical and prohibited by *Shariah* such as businesses involving alcohol, prostitution, pork, environmental pollution etc	There are no such restrictions for non-Islamic banks, beyond that which is prohibited by national law.
Islamic banks need to be charitable by paying *Zakat* (compulsory religious levy) out of their income.	There is no such requirement to act Charitably.

Source: Dusuki, (2008, p.7, modified)

However, the key fundamental difference between Islamic and non-Islamic banks lies in the values and principles that form the foundation for each approach. In this context scholars such as Divanna (2006) and Dusuki and Abozaid (2007) assert that the Islamic financial system differs significantly from non-Islamic systems, not only in the ways it functions, but above all the values which guide its whole operation and outlook. *Shariah* values are sometimes understood to exist within the small details of the rules transactions are conducted under, without any consideration of their wider objectives (*Maqasid Al-Shariah).*

As a chronological overview, Islamic banks have gone through several stages of development. Islamic financial transactions in their wider sense can be traced back to the early days of Islam. Anyone who examines the history of Islam can find some applications of the concepts of Islamic banking operations. This means this industry is not a new phenomenon, but has been organised and developed in recent years. Growth in domestic and foreign trade in the early days of Islam led to the existence of some financial banking instruments that accompanied the development of trade, such as loans, deposits, money transfers, and exchange. In the area of deposits, people placed their money with trustworthy and faithful people in Mecca (a city in Saudi Arabia).

Al-Zubir bin Al-Awam established the first financial organization in Islam during the fifth century. From its instigation it accepted deposits as loans, later returning the whole amount without taking any interest. Besides the headquarters in Al-Madine (a city in Saudi Arabia), three further financial branches were established in Albisra and Alkufah in Iraq, and Alexandria in Egypt (Othman and Owen, 2002).

In regard to recent history, the last quarter of the twentieth century witnessed the birth of Islamic banks which were established to meet the needs of a broad cross-section of Muslims, who had been obliged to deal with non-Islamic banks, as institutions that complied with the tenets of their belief system (Gait and Worthington, 2007; Dusuki, 2008). However, despite the widespread presence of these banks, they did not always reflect the religious needs of Muslims concerning financial transactions. Thus, Arabic and Islamic regions have witnessed many intellectual efforts to establish an Islamic economy.

As a result of these efforts, in 1965 the Islamic research academy in Cairo determined that bank interest was usury and prohibited in the Quran. As a result, many Islamic banks were founded to fulfil the religious desires of Muslims. The first attempt to establish a modern Islamic bank can be traced back to the establishment of Mit Ghamar bank in Egypt in 1963 by Ahmeed AL-Nagar (Al-Hwary, 1980). In 1971, the Egyptian government established the Nasser Social Bank. A number of Islamic financial products were provided by this bank including interest-free loans. In 1975 the Islamic Development Bank in Jeddah, Saudi Arabia was established as an international bank aiming to encourage economic and social development and promote trade between states that were members of the organization of Islamic Conference (Iqbal and Molyneux, 2005). In the same year the Dubai Islamic bank was established, which is considered to be an exemplary Islamic bank and the real departure point of the Islamic banking system. Islamic banks now represent a large part of the banking system in many countries.

Since their inception, the number and extent of Islamic financial institutions worldwide has increased to more than 300 institutions operating in more than 75 countries (Čihák and Hesse, 2008); this indicates that Islamic banks have become a significant player in the marketplace nationally and globally. In 2006 Islamic banking assets represented $ 750 billion. This figure is anticipated to reach $ 1

trillion by 2010 (Čihák and Hesse, 2008). Moreover, the Islamic banking industry over the past three decades has experienced growth rates of 10-15%. This trend is anticipated to continue (Solé, 2007). Therefore, financial institutions that operate according to Islamic law are one of the fastest growing sectors in the global financial system (Gait and Worthington, 2007; Dusuki, 2008).

The development of the modern Islamic banking industry is summarised in the following table.

Table 2: Islamic banking industry- a historical review

1940- 1950	Critique of interest from an Islamic perspective
1950-1960	Muslim economists offer ideas for interest-free banking possibilities. Non-bank applications of interest-free start
1960-1970	Profit-sharing models of interest-free banking defined. Experiments of bank-like institutions start (Mit Ghamr bank). Trade-based modes of Islamic finance developed
1970-1980	First Islamic commercial bank (Dubai Islamic bank) established First Islamic international multilateral development finance institution (IDB) established in Jeddah New modes of Islamic finance developed
1980-1990	Islamic banking industry witnesses very rapid growth; passes $100 billion mark Islamic investment funds start Non-Islamic banks including major international brands start Islamic products /windows Development of new modes of Islamic finance continue Academic institutions around the world start Islamic finance teaching
1990-2000	Islamic investment funds show phenomenal growth Dow Jones announces Islamic indices Existing Islamic banks grow and new ones established. Asset-based Islamic financial products developed.

	Islamic secondary markets start Accounting standards for Islamic banks start.
2000-Recent	Development of Islamic financial architecture continues Islamic Financial Services Board (IFSB) is established to deal with regulatory, supervisory and corporate government issues of the Islamic financial industry Several Institutions are established to create and support a robust financial system *Sukuks* (Islamic bonds) are launched.

Source: Iqbal and Molyneux (2005)

Since the establishment of the Dubai Islamic Bank, Islamic banking has witnessed a remarkable growth. However, there has been criticism of some practices of Islamic banks. In general, these criticisms call for the revitalisation of Islamic banking and finance practices based on a proper understanding and implementation of the *Maqasid Al- Shariah* (Objectives of Islamic law).

According to some Islamic scholars the early idealistic vision of Islamic banking and finance known as *Maqasid Al-Shariah* has changed significantly (Saeed, 2004). The ideal approach seeks to revitalise the relevant contracts that were developed in the *Shariah* in the classical period (Abdul Jalil and Rahman, 2010). In this context, *Maqasid Al-Shariah*, or the objectives of Islamic Law, is an important and yet somewhat neglected theme of *Shariah*. *Shariah* generally is predicated on benefits to the individual and the community, and its laws are designed so as to protect these benefits and to facilitate the improvement and perfection of the conditions of human life on earth (Kamali, 2008).

Shariah, defined as a system of ethics and values, covers all aspects of life (for example, personal, social, political, economic, and intellectual) with its unchanging values as well as its ability to adjust to change, and it cannot be separated or isolated from Islam's basic beliefs, values, and objectives. In other words, it reflects the holistic view of Islam, which is a complete and integrated code of life encompassing all aspects of life, be they individual or social, both in this world and the Hereafter.

For instance, economic or political aspects cannot be isolated from moral and spiritual aspects, and vice versa (Dusuki and Abdullah, 2007; Dusuki, 2009). These perspectives have to be understood by Islamic banks. In areas such as the service quality of these banks, understanding the concept of *Maqasid Al-Shariah* should not be only limited to the concept of interest and how to deal with financial transactions according to Islamic law, but also in terms of the social role of Islamic banks, which has been discussed by several scholars. Scholars such as Parvez and Ahmed (2004); Saeed (2004); Asutay (2007); and Dusuki (2008) agree that these banks have deviated from the aspiration to conduct banking activities with an Islamic perspective that was behind the establishment of the Islamic banking industry. Those scholars suggest that instead of only focusing on accounting problems and how transactions should be conducted based on Islamic "law"; Islamic banks have to be more closely aligned to the social objectives of Islam. Social responsibilities of Islamic banks cannot only be represented in short, unplanned, and temporary events.

However, there are reasons to believe that the requirement for Islamic banks to take account of social objectives may eventually prove to be an aspiration that never becomes a reality. This is because the bulk of literature on Islamic banking only focuses on commercial and economic aspects of Islamic banking, while social issues pertaining to its practices are not normally given much emphasis (Dusuki, 2008).

The previous discussion leads to the proposition that this restrictive view of understanding *Shariah* by only focusing on the legal forms of a contract needs to be changed. Instead, the 'substance' of S*hariah*, that has greater implications for the realisation of *Maqasid Al-Shariah*, should be considered equally, especially in structuring a financial product. Otherwise, Islamic banks are just an exercise in semantics; their functions and operations are no different from non-Islamic banks, except in their use of euphemisms to disguise interest and circumvent the many *Shariah* prohibitions (Dusuki, 2008). Consequently, issues such as the social responsibility of Islamic banks must not occupy a less important position in the discussion concerning the concept of Islamic banks and their role in managing money.

The concept of an Islamic bank as an organization that only refrains from paying or taking interest and conforming to the legal technicalities connected to offering Islamic financial products has to be reviewed (Siddiqui, 2001; Haron and Hisham, 2003). Islamic banks need to promote Islamic principles and values largely aimed at contributing to promoting sustainable development projects and alleviating poverty (Haron, 1995; Ahmad, 2000; Rosly and Bakar, 2003; Haron and Hisham, 2003). However, this view does not mean that these banks have to concentrate solely on attaining social welfare objectives, while other factors such as enhancing service quality and achieving adequate profits become less important (Dusuki, 2008).

In the context of the service quality of Islamic banks, authors such as Othman and Owen (2001) and Shafie et al. (2004) hold that one of the means for Islamic banks to cope with strong competition in the financial market is by improving the quality of services provided by Islamic banks to their customers. Consistent with what is discussed in the service literature, where strong emphasis is placed on the importance of service quality perceptions and the relationship between service quality and customer satisfaction (Cronin and Taylor, 1992), such importance and relationships are found in the Islamic banking service literature (for example, Othman and Owen, 2001; Jamal and Nasser, 2003; Al-Tamimi and Al-Amiri, 2003; Dusuki and Abdullah, 2007).

Othman and Owen (2001) summarised the reasons why service quality is important for Islamic banks. Firstly, Islamic banks' products and services are perceived as being of high quality by customers because of the concept of doing work in Islam. Work is considered in Islam as a type of worship. The Prophet said: "Whoever finds himself at nightfall tired from his work, Allah will forgive his sins." The Prophet also said: "Verily, Allah loves that when anyone of you does a job he has to do it at the level of *Itqan*" (Al-Qaradawi, 1995). Secondly, adopting service quality in Islamic banks has become important because of its apparent relationship to costs, profitability, customer satisfaction, customer retention, and positive word of mouth. In addition, the measuring and evaluation of service quality in banking, including the Islamic banking industry, has become very important because of the changes in the banking environment.

Banking has become globally integrated, there is high competition and it is therefore, important for banks to know what, when, where, and how they will provide and how their customers perceive, products and services. For reasons previously mentioned service quality in the context of Islamic banks is seen as a religious and functional duty, and this makes the meaning of service quality in Islam distinctive from the predominant one in the literature. In this context and in order to explain more about this perspective, the discussion will start by providing a general view about the concept of quality, service quality and its relationship with customer satisfaction, and the significant role of employees in the process of service quality.

2-6 Concept of quality

The concept of quality engages with the same problems and issues discussed above in relation to the concept of service; there is no consensus among researchers regarding the definition of quality. However, quality is considered as a strategic tool for improving business performance and attaining operational efficiency (Babakus and Boller, 1992; PZB, 1995; Kasper et al, 2000; Othman and Owen, 2001; Lymperopoulos et al, 2006). In the service sector, this is definitely the case. Its positive relationship with increased market share, profits, customer satisfaction, return on investment, and future purchase intentions has been clearly demonstrated by many authors (for example, PZB, 1985; Cronin and Taylor, 1992) While a definition of quality is difficult it is important for the purpose of this research to understand what is meant by quality.

Table 3: Examples of definitions of the concept of quality

Author (s)	Definition
Crosby (1979)	"Compliance to specifications"
PZB (1985)	"Meeting customers' expectations"
PZB (1990)	"Quality is exceeding what customers expect from the service"
Cowlin and Newman (1995)	"Quality now manifests itself as "hygiene" factor for service organizations. Hygiene is essential for health, but cannot of itself guarantee health"

Kasper (2000)	"Quality in is a vague concept. On the one hand, everyone knows what quality is or what it is not. On the other hand, it is not easy to formulate a uniform and comprehensive concept, if not impossible"

In the goods industry, compared to the service industry identifying the concept of quality is more objective, and measured by standards (for example, ISO 1900), and there is consensus between researchers; the foundation for this concept is technical specification for performance (Kasper et al; 2006). On the other hand, identification of the concept of quality in the service industry is a complex task. Consequently, this will lead to greater difficulties in measuring the quality of service.

What can be concluded in general from the previous widely used definitions is that the consumer is considered as the central force in the process of quality. Companies give the highest priority to the output of processes in order to satisfy the customer. However, what can be argued here is that although customers are an important element, there may be other influences which result in the need for a wider focus on the concept of quality and its understanding. For example, employees who are guided by a particular philosophy or values, such as those of Islam, may bring a particular perspective to the achievement of quality. Therefore, in order to study the concept of quality, the attention should not merely focus on the evaluation of the role of customers.

2-7 Service quality

Defining service quality is a difficult task compared to defining the quality of tangible products. The difficulties in defining the concept of quality lead to greater difficulties in defining the concept of service quality. However, similar to the predominant view that considers the customer as the vital element in defining the concept of quality; this view also applies to the concept of service quality in that most authors agree that service quality has to be defined by customers (Lehtinen and Lehtinen, 1982; Parasuraman et al., 1985, 1988; Robinson, 1999), the following table provides some examples of these definitions.

Table 4: Examples of definitions of the concept of service quality

Author (s)	Definition
Wyckoff (1984)	The degree of excellence intended and the control of variability in achieving that excellence, in meeting the customer's requirements.
Grönroos (1984)	The outcome of an evaluation process, where the consumer compares his expectations with the service he perceives he has received, i.e., he puts the perceived service against the expected service. The result of this process will be the perceived quality of the service.
Lewis and Booms (1983), cited in Parasuraman et al. (1985, p. 42)	"Service quality is a measure of how well the service level delivered matches customer expectations; delivering quality means conforming to customer expectations on a consistent basis".
Parasuraman et al. (1988)	A global judgement or attitude relating to the superiority of the service. The degree and direction of discrepancy between customers' perceptions and expectations.
Lewis (1993)	The degree that service delivered matches customer's expectations on a consistent basis.
Robinson (1999)	Service quality is an attitude or global judjement about the superiority of a service, although the exact nature of this attitude is not agreed.

In general, although the quality of service is recognized as a vague or elusive construct, and there is no agreement among researchers regarding this subject (Crosby, 1979; Parasuraman et al., 1985, 1988; and Cronin and Taylor, 1992), in the absence of a comprehensive and standardised concept of service quality, and as a general approach in the literature, the customer is at the core of service quality assessments. Thus, authors have argued that the consumer is the cornerstone of the delivery of the service, in order to make him/her the main focus of this issue, service quality is whatsoever the consumers recognise it to be (for example, Gronroos, 1990).

However, what can be argued here is that despite the importance of the customer in identifying the concept of service quality, he/she should not be considered as the single element that reflects an issue which is wider than merely matching customer's requirements. Service quality should be seen as an approach reflecting the philosophy of an as organization perceived by its employees, who then have the responsibility to deliver it in an appropriate way to customers and society in general. Also, the human interaction that occurs directly or indirectly between the service provider and the consumer during delivery of the service should be considered as a significant element.

2-8 Service quality and customer satisfaction

The nature of the relationship between service quality and customer satisfaction has received much attention by researchers. It is considered as the crux of marketing theory and practice (Spreng and Mackoy, 1996). Nevertheless, the exact relationship between the two is still ambiguous (Sureshchandar et al., 2002). However, a positive relationship between service quality and customer satisfaction has been found by several authors (for example, see Parasuraman et al., 1985; Cronin and Taylor (1992; Anderson and Mittal, 2000). This relationship has been applied in the banking industry (LeBlanc and Nguyen, 1988; Blanchard and Galloway, 1994), and in the context of the Islamic banking industry the relationship between service quality and customer satisfaction is significant (Othman and Owen, 2001; Amin and Isa, 2008)

Despite the fact that there is a close relationship between service quality and customer satisfaction, the literature confirms that they are different from each other (for example, Parasuraman et al, 1985, 1988; Bolton and Drew, 1991; Cronin Taylor1992; 1994; Zeithaml and Bitner, 2000, Sureshchandar et al., 2002). This difference has been viewed from several angles: Parasuraman et al. (1988) state that the quality of service is a global attitude, consumer satisfaction is a process that is related to a specific transaction therefore, the main purpose for delivering a high quality of service is to achieve success in the long run, and service quality is considered as a component of satisfaction.

In a similar way, Bateson (1992) stated that "quality is generally conceptualized as an attitude, the customer's comprehensive evaluation of a service offering. It is built

up from a series of evaluated experiences and hence is less dynamic than satisfaction. Satisfaction is the outcome of the evaluation a consumer makes of any specific transaction". Cronin and Taylor (1992) stated that the quality of service is a precedent process for satisfaction.

2-9 Service encounter

Delivering high quality service is a difficult issue if the performance of employees does not match the expectations or philosophy of the organization regarding customer service (Joseph, 1996). The importance of employees was also highlighted by Mishra (2010, p.1) who stated that "employees are the backbone of any business success and therefore, they need to be educated, motivated and maintained in an organization at all cost to support the organization to be globally competitive". This also applies to the banking industry, where satisfying the customer has to start from the employees (Bitner, 1990; Joseph, 1996; Metawally and Almossawi, 1998). Consequently, in the context of the role of employees in the process of delivering service quality, and since they are in direct contact with the external customers, the role of frontline employees is vital to the success of these organizations (Mishra, 2010). In order to deliver services to customers in an appropriate way, the role of employees, especially frontline employees who are in direct contact with customers, is an important element. In other words, the service encounters, or 'moments of truth' (Bitner, 1990; Jayawardhena et al., 2007), that take place between these employees and their customers are a significant stage in the delivery of services that should reflect the philosophy and the objectives of the organizations.

The service encounter has received much attention from researchers in the field of service marketing (for example, Lewis and Entwistle, 1990; Mattsson, 1994; Mattila and Enz, 2002). A service encounter or moment of truth is a specific period of time during which the customer interacts with a service (Shostack, 1985, cited in Bitner, 1990). Depending on the service, encounters can be very brief or extend over days (Liljander and Mattsson, 2002). It encompasses both face-to face interactions and interactions with the physical elements of the service. Phone calls to the service provider and interactions with a website can also be defined as service encounters. In the words of Zeithaml and Bitner (2003, p.99) "the most vivid service impression

occurs during the service encounter or moment of truth, i.e. when customers interact with the service company". During these interactions the customer receives "a sort of snapshot" of the organization's level of service provision (Ravald and Grönroos, 1996). Importantly, the service encounter affords the single greatest opportunity for a service firm to customise the delivery of its service down to the level of the individual customer and to build a good relationship with its customers.

More specifically, the literature on service has widely recognised the importance of frontline employees' behaviour for customer satisfaction and loyalty (Naser et al., 1999; Farrell et al., 2001). Thus, those employees and their employers have to recognise the vital role they play in the success of their organizations, whether during their direct or indirect interaction with customers. Frontline service employees, especially when they interact with their customers are "the organization in the customer's eyes" (Zeithaml and Bitner; 2000, p.287).

In many cases, the contact employee is the service – there is nothing else (Zeithaml and Bitner, 2000). Even if the contact employee does not perform the service entirely, they may still personify the organization in the customer's eyes. Each of these customer contacts has the potential of positively or negatively impacting customer's satisfaction with the service, as well as the company (Jamal and Naser, 2003). This customisation opportunity is a potential source of competitive advantage for the firm and, in many services, may lead to favourable service evaluations by customers (Lewis and Entwistle, 1990; Mascio, 2010).

What can be concluded from the previous discussion is that the service encounter often becomes a focal point in consumer evaluations of the entire service organization (Bitner et al., 1990) This is true in the area of service quality, where service encounters have an effect on customers' perception of service quality (Shostack, 1985, cited in Bitner, 1990; Wong, 2004). The interaction between customers and employees has been found to be an important factor in delivering high levels of service quality (Wangenheim et al., 2007; and Seiders, 2009).

Therefore, what could be argued in the context of understanding the issue of service encounters is that the values of employees and customers are of central importance in this context. These values although similar among many people and approaches,

may have distinctive meanings. As an example, in the context of the Islamic banking industry, in addition to achieving the functional objectives of the Islamic bank, employees in general and frontline employees in particular have also to behave consistently in accordance with Islamic values and principles that should be embodied by these employees. This is considered as both a religious and functional duty. In order to explain this perspective the following discussion is firstly about the concept of work in Islam.

2-10 Work from an Islamic perspective

Islam is a way of life, not just a religion. As a result, business ethics cannot be separated from ethics in the other aspects of a Muslim's daily life (Beekun and Badawi, 2005). Islam is a religion of action; it calls upon Muslims to work hard to benefit themselves and their societies. Islam is a religion that orders its followers to be part of a working and productive society. The Quran says "...and help one another in goodness and piety, and do not help one another in sin and aggression" (Quran, 5:2).

The Islamic concept of work has its origins in the Quran, the sayings and practice of the prophet, who preached that hard work caused sins to be absolved (Al-Qaradawi, 95; Ali, 2005). Allah says "Work (righteousness): soon will Allah observe your work, and His Messenger, and the Believers: soon will you be brought back to the Knower of what is hidden and what is open: then will He show you the truth of all that you did" (Quran, 9:105). The Quran states ''to all are ranks according to their deeds" (Quran, 6:132). Also, Allah said ''that human being can have nothing but what is striven for'' (Quran, 53:39).

The Prophet Mohamed preached that ''work is a worship'' (Ali, 1992; Saeed et al., 2001; Ali and Al-Kazemi, 2007; Ali and Al-Owaihan, 2008). In Islam work is given special importance to the extent that it is considered as an act of worship. In his instructions to Muslims on the issue of work, the Prophet Muhammad strikes a balance between worship and work.

So, as Muslims have to be constant in their acts of worship, they also have to work hard to make a living. The true message of Islam is not just for a Muslim to profess

faith and do nothing for his or her society. Rather, Islam teaches that the true faith is what is demonstrated through sincere deeds that make a noticeable addition to the progress of society. In fact these sincere deeds are what should be reflected in the behaviour of the Muslim worker and their encounters with people. Consequently, this can help to create an environment in which service quality is achieved. The work must be good, it should be done with the consciousness of Allah and with the conviction that everything will be shown on the Day of Judgment. And because people are regarded as viceregent or stewardship (Quran, 2:30), so, they are required to do their job in a way that pleases Allah. In Islam there is no difference between religious and secular work.

Thus, what is special is that in Islam the work is required in itself even if the worker does not get the fruit of it. Also, if his/ her family, society, or humanity does not get the fruit of work, it is performed according to Allah's right and close to Allah. Thus, do not despair or become pessimistic, every good action is valuable whether you are able to see its fruits or not. Muslims do not work only to see the results here in this world; the ultimate goal is the success and salvation in the Hereafter. In this context the Prophet said "If the end of the world approaches and one of you has a seedling (or plant) in his hand, if he can plant it before the end comes let him do it" (Al-Qaradawi, 1995).

What can be considered from the previous *Hadith* is that the concept of work is wider, and that religious duties cannot only be done in the Mosque. However, there is an additional point that should be mentioned related to the issue of women at work. The Quran depicts women as spiritually equal to men (So their Lord answered their prayers, saying, 'I will allow not the work of any worker from among you, whether male or female' (Quran, 3:195). Central concepts such as trusteeship, human dignity, and responsibility are presented in a gender-neutral manner (Beekun and Badawi, 2005). The only basis for superiority in the Quran is piety and righteousness, not gender "O mankind, we have created you from a male and a female; and we have made you into tribes and sub-tribes that you may recognize one another. Verily, the most honourable among you, in the sight of Allah, is he who is the most righteous among you" (Quran, 49:13).

Thus, in the area of work this issue should be fully understood, especially by some Islamic organizations such as the Faisal Islamic bank which believes that in order to follow Islamic teachings women should not be employed in their banks. It is interesting to speculate as to why the Faisal Islamic bank only employed men. It is the author's interpretation that this may be due to a feeling of wishing to send a clear message to their customers and society in general that they follow Islamic teachings in the area of the banking industry. For a working Muslim, worshipping his Creator is by itself a powerful motivating factor regardless of any return in terms of material gain. Thus, in striving to gain the pleasure of Allah, performance does not entirely depend upon the reward system of the organization s/he works for or the society in which he lives.

In the context of the Islamic work ethic Yousef (2001) argued that it stands not for life denial but for life fulfilment, and holds business motives in the highest regard. Consequently, it is more likely that those who believe in Islam and practice it tend to be more committed to their organizations and are presumably more satisfied with their jobs. It is asserted that Islam emphasizes a balanced perspective on work that takes the interests of different stakeholders into consideration (Beekun and Badawi, 2005). Islamic principles combine a value-maximization concept with the principle of 'justice' for the wider welfare of the society. These principles offer a means to create value and elevate the standard of living of people in general through commercial pursuits.

The Islamic religion is more than merely praying and fasting. It is more comprehensive, and includes many issues, including the area of work. Thus, in order to achieve the nominal objective that is pleasing Allah, the ideal Muslim practice has to take into account Islamic work values and practice them in his/her daily-life. Many Islamic scholars such as Al-Qaradawi (1995), and Siddiqui (1988) argue that the previous values are the core, spirit, or soul of Islamic business, and are not merely the ideas of philosopher or the findings of a *Shiks* (scholar), they are instructions from Allah, and cannot be changed over time. What can be noted at the end of this section is that work is inherent in Islam. It must be done with *Itqan* (high quality) regardless of the material benefits achieved. Thus, the concept of quality in

Islam is twofold – it is both a religious and functional duty. In this context, the following section gives more detail about the concept of quality in Islam.

2-11 Quality from an Islamic perspective

By referring to the concept of quality in Islam, it must be pointed out that there is a basic difference between the secular ethical systems and Islamic ethical systems, the former are divorced from religion. Moreover, business transactions according to Islamic principles cannot be separated from society. Also, in studying this subject it is mainly with reference to what is stated in the Quran and *Sunna*– the core Islamic texts. In the Islamic faith, man was created to worship Allah, and to be his viceregent or stewardship on this earth. Allah said "Behold, your lord said to the angels: I will create a stewardship on earth" (Quran, 2: 30).

Therefore, man has to be committed to the performance of this function, by building, inventing, developing, reflecting and producing. Man also has a duty to preserve the earth from harm. This addresses 'work' and activities related to it, as much as it does the social sphere. It also identifies the notion of 'stewardship' and broader responsibility. These values clearly shape an Islamic view of the role of the market, industry and an individual's role within a productive system. "Quality" as a concept is therefore both important and inherent in Islam.

In the Islamic culture, *Itqan* is synonymous with quality. Allah said "He who created death and life, that He may try which of you is best in deed" (Quran, 67:2). Nevertheless, there is a lack of research on the link between *Itqan* and the sphere of work, and very little literature addresses this connection. So, studying this subject is a difficult task. In addition, there is no agreement between Islamic scholars about many issues related to it. What is more, there are linguistic problems in studying this subject, since there are some words that can be difficult to translate from the Arabic into English, and in some cases there is no agreement between authors on such translations (Ali, 2005). It is in the context of these issues that the following evaluation has been constructed as an initial step to understand what service quality means from an Islamic perspective.

Work is a form of worship that is used by a believer to be close to Allah (Ali, 2005; Anas and Mounira, 2009). Its fruit will be achieved in this world and in the hereafter. The prophet said "Verily, Allah loves that when anyone of you does a job he has to do it at the level of *Itqan*" (Al-Qaradawi, 1995). So, doing a job with high quality is a matter of dealing with Allah. Here dealing with Allah means worship, and worship is the purpose for which man was created. Allah said "I have only created *Jinns* and men that they may serve me". The requirement for *Itqan* is not only related to gaining reputation or profit, but is also related to the human who is engaged in the work itself. The benefit of *Itqan* is required in itself in dealing with Allah. The implication is that *Itqan* is vital and a duty for everyone, for all time. In seeking *Itqan,* the believer should not consider it only as a tool or way to achieve profit (Al-Qaradawi, 1995).

What can be extracted is that Muslims not only have to work, but they are required to do their very best in their daily work, and *Itqan* is a route used by Muslims to please Allah, since a believer is sure that his work will be shown in front of Allah. Allah said "Work (righteousness): soon will Allah observe your work, and his messenger, and the believer: soon will be brought back to the Knower of what is hidden and what is open: then will he show you the truth of all that you did". Hence, Muslims must consider *Itqan* as a duty and not an optional matter. This applies to all parties the organization, the employees and customers – that is, Islamic employees must practice *Itqan* in the course of their work and Islamic customers will expect to experience its practice. This is seen in the elevation of the concept of *Itqan* from nothing more than dealing with the market and what is requested by customers to a sacred matter, where the worker must consider the job with the feeling that by this *Itqan* he is dealing with Allah and looking to the main purpose of such quality, which will be judged in the hereafter.

Therefore, in the Islamic approach achieving *Itqan* is a legitimate requirement and duty. So, a Muslim's legitimate religious responsibility to achieve quality precedes his worldly responsibility. This is a different perspective on quality to the largely secular Western approach, which characterizes quality as an approach, or way, whereby the institution can obtain a competitive advantage and thus more

possibilities for gaining customers and profit. Therefore, the fountain or fountainhead of quality comes from a worldly aspect within the Western approach.

However, in the context of the discussion about the concept of quality in Islam, a distinction must be drawn between two important but related concepts: *Ihsan* and *Itqan.* Whereas *Ihsan* is a potent force inside the person or the self, *Itqan* is the conspicuous outcome of this force. Therefore, to achieve perfection in work, the existence of both forces is necessary. The internal force enhances and encourages, while, external force is the fruit of the internal force. So, the higher level of *Ihsan*, the more quality or *Itqan* in the job. The comprehensive definition for *Ihsan* was given by the Prophet who said "*Ihsan* is to worship Allah as if you see him, for if you cannot see him, he assuredly sees you". Therefore, a constant observation of *Allah* is what can be considered as *Ihsan.* In this regard, a poet said "If you are alone one day, do not say, `I am alone', rather say, 'someone is watching me". Since *Ihsan* and *Itqan* are not simple concepts and are difficult values to attain, Allah will guide those people who seek them in their daily life, Allah said: "And those who strive in our (cause) - we will certainly guide them to our paths: for verily Allah is with those who do right" (Quran, 29:69).

Being an ideal practice Muslim implies that a person sees himself first as serving Allah. Therefore, every action, gesture, and thought should be derived from this purpose to please Allah and himself. Based on this, in the Islamic religion, activities and financial transactions cannot in any way be isolated from the basic principles of Islam. Worship is not limited to prayer, but includes different aspects of life, doing things well is one of these facets, which requires the existence of some characteristics that have to be embodied and enacted by the believer. Consequently, according to the Islamic religion, the practice Muslim has to display many attributes (Oukil and Ayar, 2006). These attributes have greater significance in relation to face to face contact between customer and employees; they include:

- ***Ikhlas* (sincerity)**

Ikhlas has been defined as the attribute of being honest, pure and sincere; being remote from ostentation and shown in one's intention and behaviour; straightforwardness in thought, and, purity of intention. Sincerity is a feature of the

"heart", and Allah views people according to their heart's inclination. In this regard the Prophet said: "Allah does not consider your bodies, or your appearances. Rather, He considers hearts and what is inside them. Be sincere in your performances, Allah only accepts what is done with sincerity. Incorrect thinking and doing are consequently against nature and not acceptable." (Al-Qaradawi, 1995). Allah said "And they have been commanded no more than this: to worship Allah, offering him sincere devotion" (Quran, 98:5).

- ***Muhasaba* (self-criticism)**

Muhasaba means settling accounts, reckoning and self-interrogation. In a spiritual context, it has an additional meaning of self-criticism of a believer who continuously analyses his performances and thoughts in the hope that correcting them will bring him closer to Allah. In this regard, Allah said "you who believe fear Allah, and let every soul look to what (provision) he has sent forth for the morrow" (Quran, 59:18). A successful employee is one who takes into account that he is controlled by Allah, before supervisors and Directors in the organization, and takes into account global interest before self-interest. Self-criticism resembles a lamp in the heart of a believer, a warning and a well-wishing adviser in his- or herself. Allah said" not a word does he utter but there is a sentinel by him ready (Quran, 50:17-19).

- ***Tafakkur* (reflection)**

Reflection means to think about a topic systematically, deeply, and in great detail. Reflection is a lamp inside the soul; it is the spirit of knowledge, the spirit's food, and the essence and light of the Islamic way of life. By this reflection the believer is able to distinguish what is beneficial and harmful, good and evil, and beautiful and ugly.

- ***Tawadu* (humility)**

Tawadu (modesty and humility) is the opposite of pride, arrogance and haughtiness. The Prophet said "who is modest just for Allah will be boosted".

- ***Sidq* (truthfulness)**

Truthfulness is the essence and spirit of work and the accurate standard of straightforwardness in thinking. According to the Prophet lying, reneging on a promise, and breaking trust are all evidence of insincerity, or double-dealing, or hypocrisy. So, man has to be true during his dealing with other people. Allah said "O

you who believe! Fear Allah and be with those who are true (in word and deed)" (Quran, 9:119). Moreover, the Prophet said "the honesty, truthful Muslim merchant will stand with the martyrs on the day of judgment (Ali, 2005).

- ***Mahabba* (love)**

Mahabba is defined as a love in the context of Allah's love of His distinguished servants, as obedience, devotion, as doing good and unconditional submission in the context of a servant's love of Allah. In this regard, *Mahabba* cannot be for self-interest, the Prophet said "he is not a believer whose love for his brother is less than his love for himself" (Al-Qaradawi, 1995).

What can be seen in general is that in addition to other matters, the previous mentioned features reflect the qualities of ideal Muslim practice, especially in the area of business that requires interaction between employees and customers. In this context, in the area of service quality where there is an actual service encounter or the interaction between employees and customers represents a vital element in the delivering service quality, the existence of these features would become more important. Thus, in order to follow the Islamic approach, and due to the role of employees, especially frontline employees, the understanding and embodiment of these features would be an Islamic religious and functional duty. This in turn leads to benefits to organizations and employees. However, it is not intended to suggest that the above mentioned qualities are limited to Muslim workers. They are universal qualities, but have particular significance in an Islamic frame.

In spite of the lack of studies about business activities from an Islamic perspective, the rest of this section aims to shed more light on these issues in the Arabic/Islamic environment. In this context, what should be stated at the outset is that there is a lack of studies into the link between business management and the Islamic religion compared to other religions such as Christianity or Judaism (Saeed et al., 2001; Yousef, 2001; Abu-Saad, 2003; Ali, 2005; Beekun and Badawi, 2005; Whiteoak et al., 2006; Chachi and Latiff, 2008). Nevertheless, the following table reviews some studies concerning the values of employees and customers in an Arabic and Islamic environment.

Table 5: Example of the values of employees and customers in an Arabic/ Islamic environment

Authors	Title	Results
Sidani and Gardner (2000)	Work values among Lebanese workers	Four hypotheses were tested. Only one hypothesis was supported: that organizational policy that ran counter to the worker's religious values had an adverse effect on job satisfaction.
Yousef (2001)	Islamic work ethic – A moderator between organizational commitment and job satisfaction in a cross-cultural context	The Islamic work ethic directly affects both organizational commitment and job satisfaction, and it moderates the relationship between these two constructs.
Rokhman (2010)	The effect of Islamic work ethics on work outcomes (job satisfaction, organizational commitment and turnover intention)	Islamic work ethic has positive effects on both job satisfaction and organizational commitment; whereas there is no significant evidence of the effect of Islamic work ethic on turnover intention. Managers need to support the Islamic work ethic in their organizations.
Abu-Saad (2003)	The work values of Arab teachers in Israel in a multicultural context	Based on the factor analysis, three factors emerged: Factor one: personal and organizational obligations. It deals with the personal and social responsibilities of the workers to their jobs and communities, as well as with the organization's obligations to workers and to society. Factor 2:

		personal investment and dividends. Includes items regarding the need for personal investment in work (i.e. one should carry out work to the best of one's ability, devotion to quality work is a virtue), and the benefits of dedication to work, such as personal growth, equilibrium in one's individual and social life, self-respect, and success in life. Factor 3: personal effort and achievement. People can overcome difficulties in life and better themselves by doing their jobs well; a successful person is one who meets the deadlines at work.
Whiteoak et al. (2006)	Impact of gender and generational differences in work values and attitudes in an Arab culture.	Values and attitudes held by people in the Middle East are changing on the one hand (e.g., individualism) but are also deeply held on the other (e.g., the Islamic work ethic). There was no difference in the Islamic work ethic as a consequence of age or gender
Essoo and Dibb (2004)	Religious influences on shopping behaviour: an exploratory study	Religious affiliation should be included in future cross-cultural research and that there is considerable potential for extending research into the influence of religious affiliation on consumer behaviour.
Gayatri et al. (2005)	Understanding service quality from the Islamic	The respondents were the Muslim customers of four specific services

	customer perspective	consumption situations (retail, restaurant, hotel and airlines). Generally, Muslim customers perceive many similar key issues when evaluating services as customers of other religious. However the Muslim customer also has some additional 'standards' that are different from other (non-Muslim) customers when perceiving the quality of services. These additional key attributes relate to the Muslim values system – both in terms of religious practices and also broader value positions and have the potential to significantly influence Muslim customers' service quality needs and to link to their post purchase behaviour.

As a starting point, what can be concluded from the above table is the importance of studying religious affiliation. Essoo and Dibb (2004) stated that this subject should be included in future cross-cultural research and that there is considerable potential for extending research into the influence of religious affiliation on consumer behaviour.

Also, in the area of religion, the significant role of Islamic values on job satisfaction and organizational commitment was confirmed (Sidani and Gardner, 2000; Yousef, 2001; Rokhman, 2010). These values do not change, for example, based on customers' gender or age (Whiteoak et al., 2006). This result supports the principle of unity and codification of Islamic values. In order to support Islamic values, which in turn lead to enhanced job satisfaction and organizational commitment, Rokhman (2010) stated that these values should be supported by managers and every employee should actively participate in training and educational programms that place more emphasis on the application of Islamic morality and values in the work place.

According to the study of Abu-Saad (2003), among the Islamic values was a call for personal and social responsibility of workers and organizations. The respondents considered the concept of devotion in work as of paramount importance. Here issues which were raised by respondents in the study of Abu-Sead, such as work should be done with sufficient effort, the non-material benefits of devotion and people should not be denied their fair wages form the very structure of the principles of quality in Islam.

Finally in the context of quality, especially focusing on the point of service quality from customers' perspective, significant support was given by Gayatri et al. (2005) to Islamic service organizations having to consider the distinctive features of their customers when evaluating the quality of their service. However, what can be concluded in this study is that the Muslim's view of the area of service quality does not mean that non-Islamic methods in the area of services cannot be considered as the starting point. In general, what can be concluded from the previous discussion is that in spite of the lack of studies that link business issues and the Islamic perspective, the influence of the Islamic religion appears to be significant. This is seen from the theoretical and practical point of view. This influence includes workers, customers, and society in general, in which several issues are viewed in a way that is distinctive from what is common in the predominant literature.

What can be argued at the end of this chapter is that the issues mentioned help to construct an initial conceptual framework identifying the components of service quality from an Islamic perspective in which the dimensions of service quality used in this study are extracted.

What should be understood at the outset is the general framework that shapes the whole Islamic perspective. In addition to the functional aspects which are mainly guided by material purposes, the Islamic view is also influenced by religious, non-material, and the hereafter perspective. This view in general is about practicing the philosophy and values of Islam in daily life.

The first component of service quality is based on the ability of the Islamic bank to provide goods and services and to be a competitive company able to achieve profits. Within this framework Islamic banks have to be good at the functional or day-to-day

services. This requires, for example, the Islamic bank to:

- provide credit to its customers;
- offer a wide range of financial services and products without focusing on a particular type; employ a sufficient number of contact employees;
- provide service efficiently;
- ensure its employees have the necessary traditional skills (for example, employees are well dressed, speak politely, provide clear and precise answers to customers' inquiries, and are ready to fulfil the bank's promises);
- safeguard the ability of the Islamic bank to conduct financial transactions in a secure environment (meaning both error-free transactions and physical security, in terms of for example the security staff).

All of the previous issues need to be delivered within a modern environment with appropriate technology facilities. In general, the first component encapsulates many of the traditional debates and patterns of service quality dimensions.

The second component is that the bank's activities seek to achieve *Maqasid Al-Shariah* (the objectives *of Shariah*) in its wider meaning. This includes the legal side of financial transactions in which the bank operates. In addition, the management of Islamic banks have also to recognise that the philosophy and values of Islam are also related to other issues such as the social and cultural responsibilities of Islamic banks, which should be considered as significant elements of service quality. In this context, helping the needy by using distinctive Islamic tools such as *Zakat* and *Qarad Hasan* (a benevolent service) should be effectively used.

In order to apply the Islamic perspective regarding the issue of service quality the third component is the attitudes of employees, especially frontline employees. In addition to having the traditional skills that would lead to good service quality, frontline employee have to recognise that their responsibility comes also from a religious root. Here, work is considered as worship and frontline employee views and empathy to customers go beyond the traditional view to the one that sees the patrons as "beyond customers". Islamic values such as *Itqan* should be recognised and embodied by employees. The view of the ideal Muslim worker towards his/her job extends beyond the functional aspects to ones that consider him/herself as a tool

to please Allah, especially through their dealing with customers. Due to the link between work and Islam, the Prophet Muhammad in his dealings with people should be seen as the ideal example for these employees. Also, the reward system should be viewed in a way that includes the hereafter as well as the worldly benefits. These issues have to be understood intrinsically by employees; however, the management of Islamic banks also has the responsibility to help in achieving this aim.

The previous ideas lead to the perspective that the organization and individuals ideally should operate together to create an environment where both of them seek to achieve the same aim. This in essence is the application of the Islamic method to the area of financial transactions, which although not completely different from other non-Islamic methods, has its own distinctive meaning.

2-12 Summary

This chapter examined the theoretical grounding of this research. It started with the area of Islamic business and the Islamic banking industry in particular. This industry stems from approaches and objectives that are distinctive from other banking traditions. These differences concern not only the issue of interest and conforming to legal technicalities and requirements by offering Islamic financial products, but above all they are concerned with the objectives of *Shariah* and values that are not only concerned with the details of financial transactions in terms of interest and day-to-day functional activities. In this context, in areas such as service quality, Islamic values and principles in their wider definition have to be represented in the daily work of these banks.

Understanding *Maqasid Al-Shariah* (objectives of *Shariah*) in the area of service quality should not be limited to providing the traditional services or applying the legal side of Islamic law. Achieving quality is considered a religious and functional duty. Other issues such as the social responsibility of Islamic banks and the embodiment of Islamic banks by the people who work in these banks are vital matters. In addition, from the theoretical point of view, the relationship between the organization and individuals is united, and they aim to achieve the same objective.

Chapter Three

Measuring service quality

3-1 Introduction

As banking is a client-oriented business; the quality of service has to be seen as a significant aspect of that business. As mentioned in the previous chapter, the relationship between the quality of service and the financial indicators of firms, such as market share, business growth, and profitability is very strong. Therefore, tracking, investigating and measuring the level of the quality of service is an important task for organizations that want to distinguish themselves in the marketplace.

In relation to the content of this chapter, the most commonly applied models of service quality are reviewed in the following section. Other critical service quality studies are discussed in section three. In section four, the key articles concerning service quality in the financial sector are reviewed. Service quality in the context of the Arabic and Islamic environment is discussed in section five. The CARTER model is discussed in section six, while studies using this model are evaluated in section seven. Finally, a summary of these concepts and how they inform this research is provided.

3-2 The key schools of service quality

Many conceptual models exist which have been developed by various researchers and academics to study the concept of service quality. However, in the literature review the key schools of service quality are: the Nordic service quality model and the North American gap school (Karatepe et al., 2005). Following is a review of these schools.

3-2-1- The Nordic service quality model

The Nordic school has built on the work of Grönroos, Lehtinen and Lehtinen, and Gambeson (Kasper et al., 2006). Under this school, the research conducted by Grönroos has had a huge influence on the conceptual development of perceived service quality. According to Grönroos, services are not random events. Different components interact with each other determining the overall quality. Grönroos identified so-called technical quality and functional quality as the key contribution in the domain of service quality.

The Grönroos' service quality model (Grönroos, 1984)

Grönroos developed a model for service quality. Based on this model, service quality is conceptualised as the difference between expected and perceived service. Grönroos (1984) suggests that perceived service quality is influenced by:

- **Technical quality:**

This dimension represents the outcome of the transaction or the material content that takes place between the customer and the organization. Therefore, what the customer gets or receives during the transaction is an example of technical quality. This can be an airline which provides transportation to a destination, or a hotel service which provides a room and a bed (Kasper et al., 2006). The availability of a loan at the agreed time is an example in the case of a financial services provider. Often, technical quality can be evaluated in a more objective manner. The dimensions of technical quality include employees' technical ability, machine quality, computerised systems, technical solutions, and employees' knowledge (Grönroos, 1982).

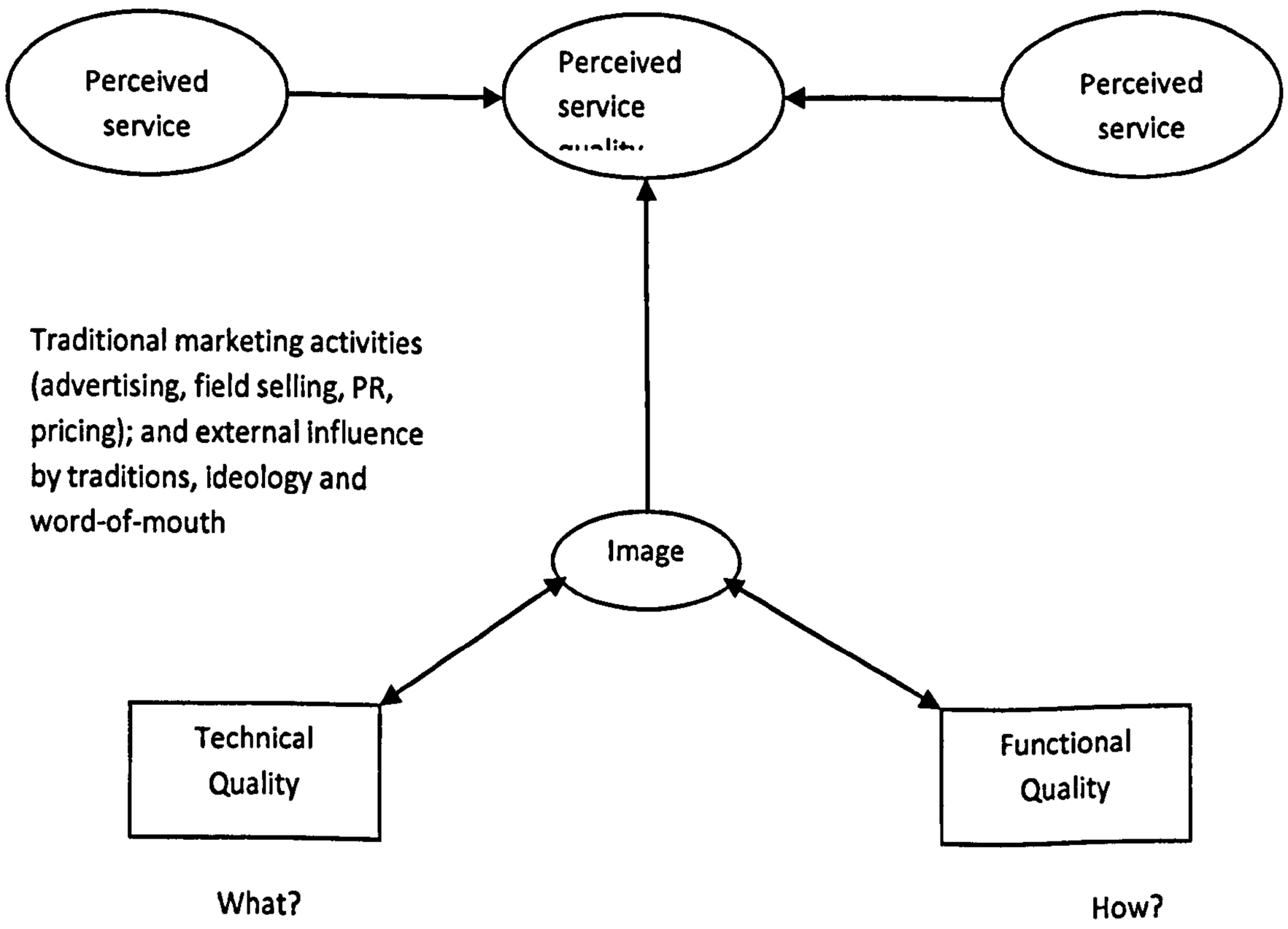
- **Functional quality:**

This refers to the process by which the technical quality is delivered to the customer. This comprises, for example the environment in which it is delivered, the demeanour of the service provider, and the behaviour of other customers. Functional quality is often perceived in a subjective manner (Kasper et al., 2006). Grönroos (1984) suggests that as far as services are concerned, if technical quality is at least satisfactory, temporary problems that are concerned with technical quality can be tolerated by the customer if the functional quality process is provided efficiently. Also, whereas technical quality may be very similar among organizations, functional quality can be a significant method, approach or competitive advantage which can be used by firms to distinguish themselves in the marketplace. These issues mean that in the area of services, and in the banking industry in particular, competition among banks is through the way services can be delivered to customers. Thus, banks are required to respond and deal with such an environment. Also, in some situations, as in the case of Islamic banks, there is requirement to practice business in a socially responsible and religious way.

- **Corporate image:**

As described by Grönroos, image is the third dimension of service quality and is concerned with the consumer's perceptions of the service organization.

Grönroos, (1993, p.52) stated that: "if the image of the firm is good in the mind of a given customer, problems with the outcome, or the process, which this customer may have, are likely to some extent to be excused by the image perception. If the problems continue to occur, the image will eventually suffer… If the image is negative, quality problems are more likely to be perceived as worse than they in reality are". In relation to Islamic banks, this statement might be very important. For example, as mentioned before, Islamic banks conceptually, from a religious perspective and because they take the name "Islamic", are supposed to provide social services to their customers. This creates a certain image among customers, which means that as long as these banks follow the Islamic approach, customers might be tolerant with regard to issues related to technical and functional processes. However, if these banks are seen to depart from an Islamic approach, their customers may be harsh in their judgement of these banks and/or consequently move their business to other non-Islamic banks.



Source: Grönroos (1984)

Grönroos' conclusions included the following key points.

1-The perception of the customer of quality does not only depend on the output of the service; in fact, the delivery process itself has a vital influence on a customer's perception of quality.

2-The extent of the customer's involvement and his/her own experience has an impact on a customer's perception of quality of service

3-The interactions that take place between the buyer and the seller are more significant than traditional marketing activities.

4-Corporate image is more dependent on word-of-mouth communication and the interaction between the buyer and the seller than traditional marketing activities.

3-2-2 The North American gap school

In the marketing literature, one of the most important schools of thought is the North American Gap School. Parasuraman, Zeithaml, Berry, Bowen, and Booms are the most prominent pioneers of this school. However, Parasuraman, Zeithaml, Berry are the most prolific contributors. They developed a model to measure service quality called SERVQUAL.

Since 1985, the three authors have published numerous research. This work has encouraged the publication of more than 5500 research articles concerning this model (Kasper et al., 2006, p.189), and it is the most widely used approach by academics and practitioners. Consequently, summarising this approach is a difficult task. In simple words and according to this model, service quality is formed based on the difference, or gap, between the customer expectations and perception of service delivered.

3-2-2-1 GAP model (Parasuraman et al., 1985, 1988)

The problem of identifying the components that contribute to service quality is an issue of ongoing debate in the area of services. Customers use these components to evaluate quality (Kasper et al., 2006). In this context, ten criteria were identified by PZB (1985) which customers use to evaluate the level of received service regardless of the type of service sector. These criteria are:

1-Tangibles: appearance of physical facilities, equipment, personnel and communication materials.

2- Reliability: ability to perform the promised service dependably and accurately

3- Responsiveness: willingness to help customers and provide prompt service

4- Competence: possession of the required skills and knowledge to perform the service.

5- Courtesy: politeness, respect, consideration and friendliness of contact personnel

6- Credibility: trustworthiness, believability, honesty of service provider.

7- Security: freedom from danger, risk, or doubt.

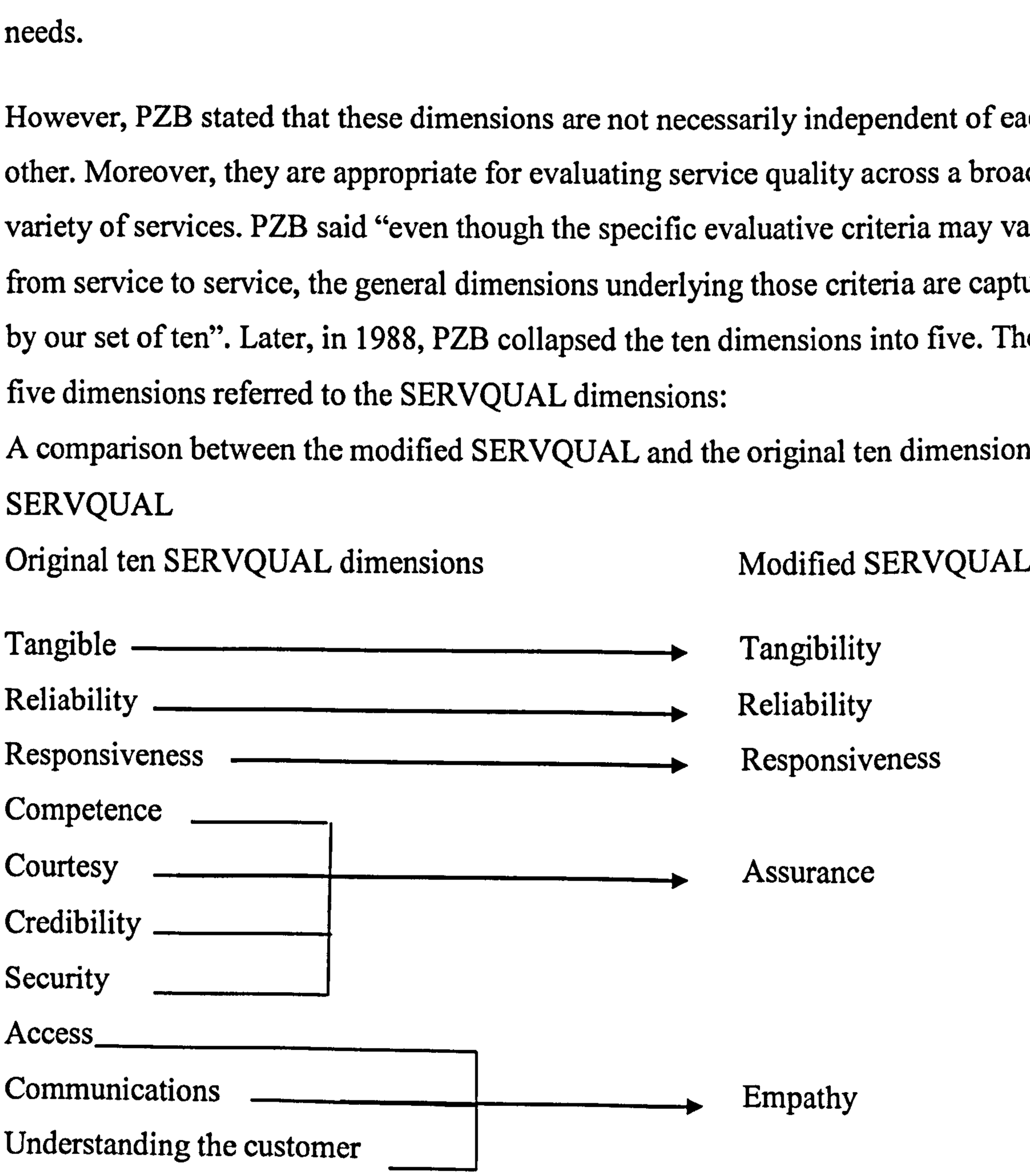
8- Access: approachability and ease of contact.

9- Communication: keeping customers informed in language they can understand and listening to them.

10- Understanding the Customer: Making the effort to know customers and their needs.

However, PZB stated that these dimensions are not necessarily independent of each other. Moreover, they are appropriate for evaluating service quality across a broad variety of services. PZB said "even though the specific evaluative criteria may vary from service to service, the general dimensions underlying those criteria are captured by our set of ten". Later, in 1988, PZB collapsed the ten dimensions into five. These five dimensions referred to the SERVQUAL dimensions:

A comparison between the modified SERVQUAL and the original ten dimensions of SERVQUAL



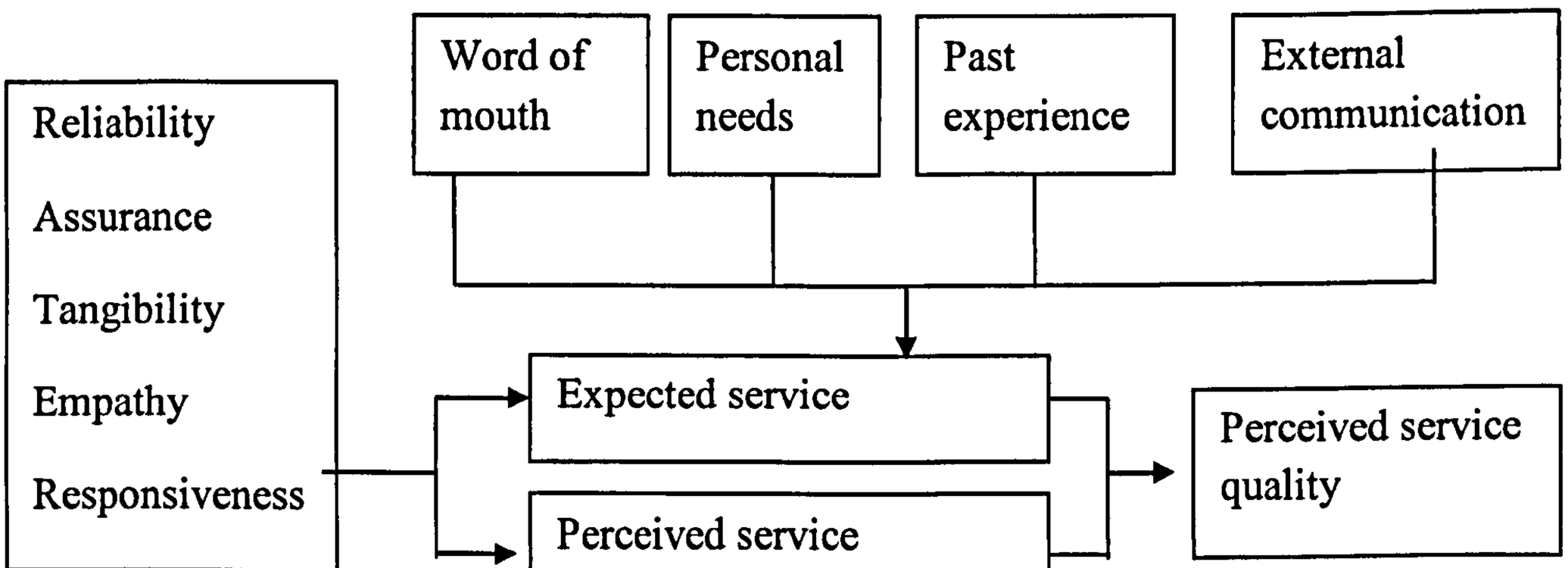
1-Tangibility: appearance of physical facilities, equipment, personnel and communication materials.

2-Reliability: ability to perform the promised service dependably and accurately

3-Responsiveness: willingness to help customers and to provide prompt service

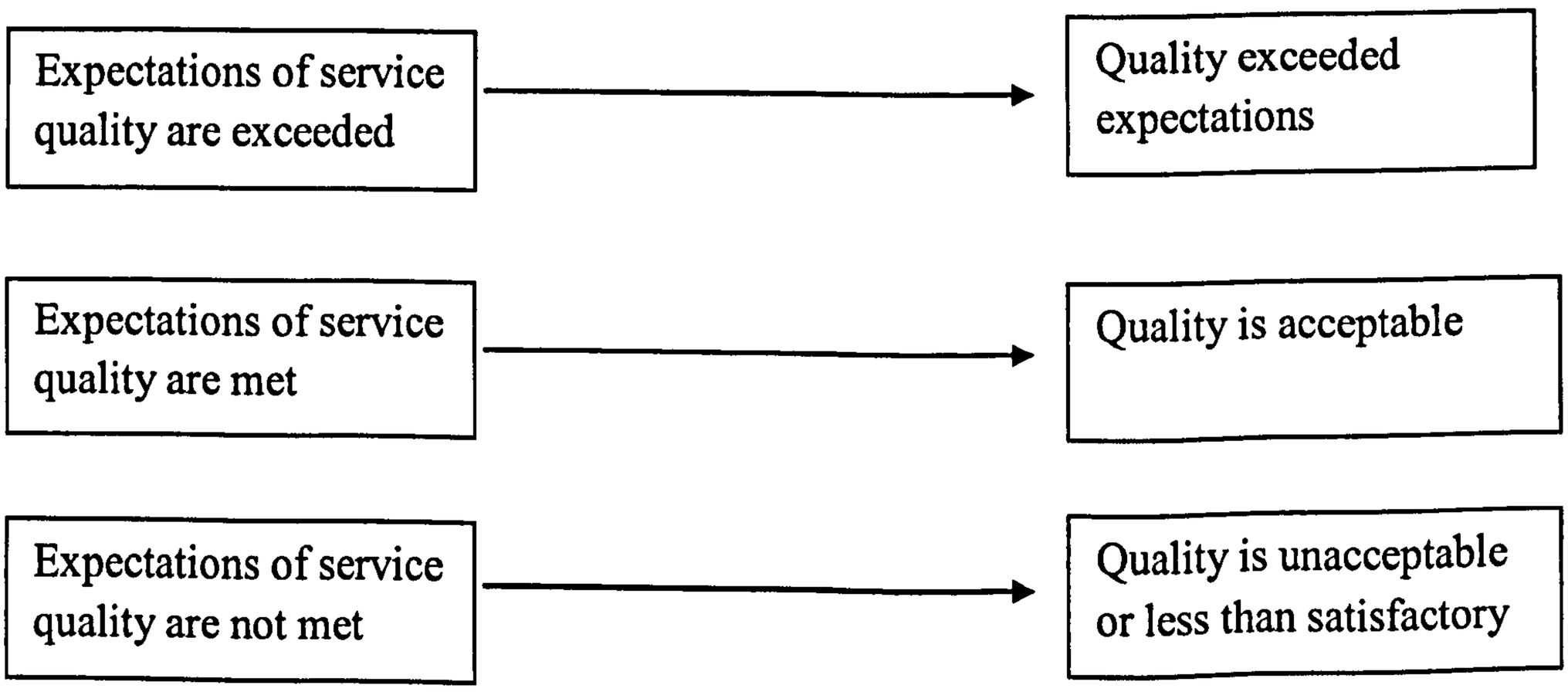
4-Assurance: knowledge and courtesy of employees and their ability to convey trust and confidence.

5-Empathy: caring, individualised attention the firm provides to its customers



The SERVQUAL model

Direction of customers' perceptions in SERVQUAL



3-2-2-2 The SERVQUAL gaps model

The model assumes that differences between the services desired by the customer and the services finally delivered by the service provided may be caused by systemic disconfirmations which comprise the following four gaps (Parasuraman et al., 1985, 1990, 1991, 1993 and Zeithaml et al., 1993).

Gap 1: customer expectation-management perception gap

This gap occurs when management does not correctly interpret or perceive what customers actually expect. There are four key factors causing this gap. Firstly, it can be related to the lack of marketing research. Secondly, too little time is spent by managers in gaining first-hand knowledge of their customers. The third factor relates to the number of layers of management between customer-contact personnel and top management. The final factor concerns the number of layers between contact personnel and management.

Gap 2: management perception-service quality specification gap

This gap occurs as a result of the inaccuracy and inefficiency of management in translating the service policy into guidelines and rules for employees. The first thing that can cause this gap is lack of management commitment towards service quality; the second thing is the degree of goal setting; the third thing is the possibility of standardisation of the service; and the last thing is the perception of feasibility.

Gap 3: service quality specification-service delivery gap

This gap occurs when there is a difference between the service quality specification and what is in reality delivered. Therefore, there is service designated by the firm but employees are unwilling or unable to perform it. Factors which cause this gap include: inadequate teamwork, inability of workers to perform the work as required, inefficiency of tools to perform the acts, inability of workers to use these tools to perform their service roles, perceived and supervisory control, and role ambiguity.

Gap 4: service delivery-external communication gap

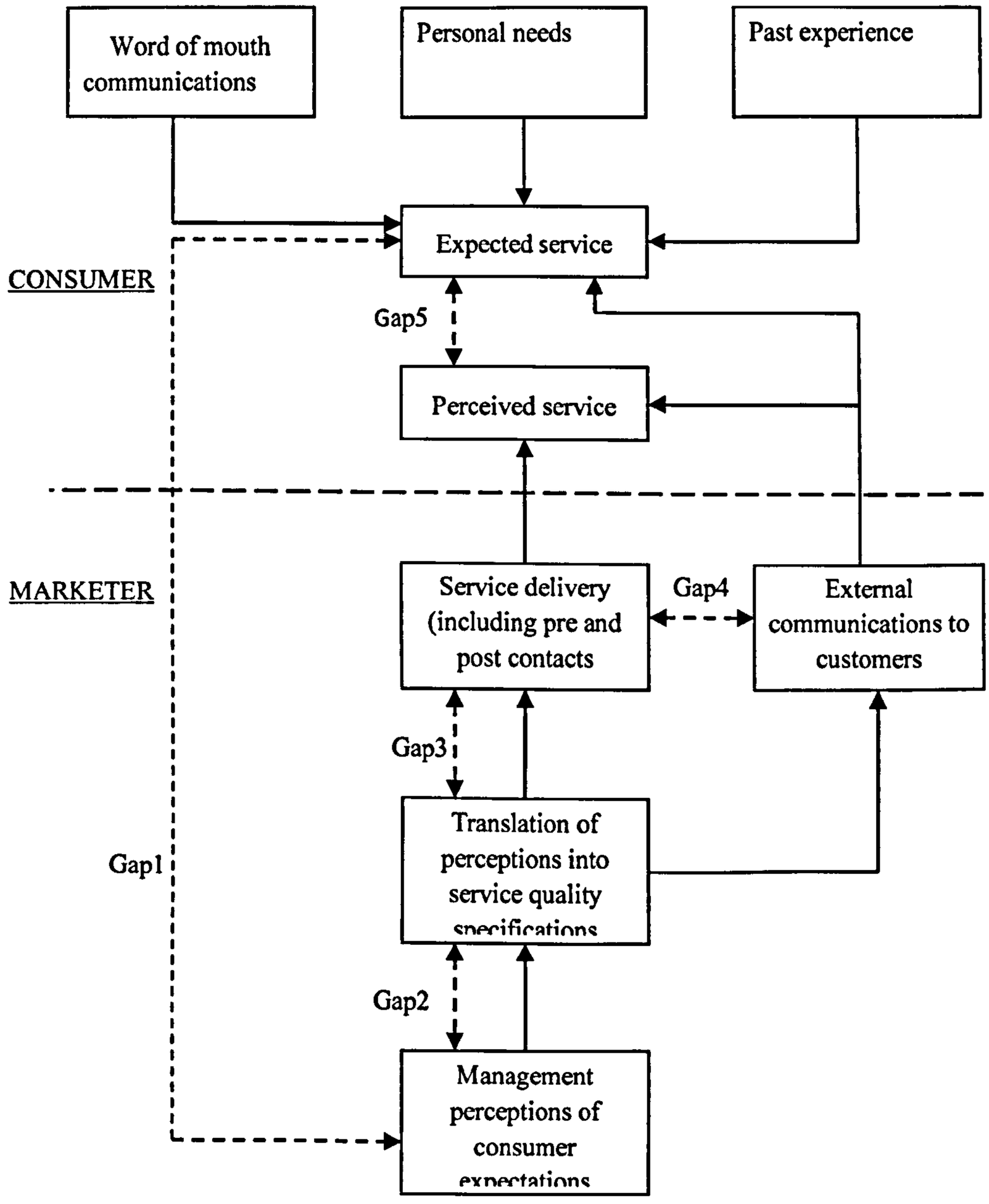
In simple words, this gap means the difference between what is communicated by the management to their customers and what is in reality delivered. Therefore, the question is to what extent, the management is able to fulfil its promises to their customers?

Gap 5: expected service-perceived service gap

In essence, gaps 1, 2, 3, and 4 contribute to the essential gap that is gap 5.

The SERVQUAL model shows the relationship between the external gap 5 (perceived quality as experienced by customers) and the internal gaps 1-4. Gap 5 depends on the size and direction of the four disconfirmations associated with the

delivery of service quality on the market side. If gaps 1-4 are reduced, then service quality can be improved.



Source: Parasuraman et al. (1985)

3-2-2-3 Debate concerning SERVQUAL

Though SERVQUAL has been widely used in different contexts, it has been subject to a number of theoretical and operational criticisms. This section aims to review a number of criticisms that have been raised in the literature.

Cronin and Taylor (1992, 1994) were among the authors who were significant participants in the debate concerning using SERVQUAL as an instrument for measuring service quality. They stated that conceptualisation and operationalisation

of service quality as introduced through this instrument is insufficient, in particular in terms of the validity of gap theory (consumers' expectations and their assessment of the actual performance). As a result, an alternative scale (SERVPERF) was provided by these authors (measures performance only), by which service quality is seen as an attitude. They also stressed that variance in an overall measure of service quality is explained more by this scale than by SERVQUAL. For this reason, there are several studies which support using the SERVPERF scale (McAlexander et al., 1994; Quester et al., 1995). Using the SERVPERF is also recommended in many Arabic and Islamic studies (Abo-Mumar, 2005; Al-Zaite, 1997).

Moreover, in the context of conceptualisation and operationalisation of service quality, although the contribution to the marketing literature made by Parasuraman et al. (1985) was recognised by Teas (1993, 1994), nevertheless, Teas pointed out that the specification of gap five, which is considered to be at the heart of SERVQUAL, is the crucial weakness of the gap framework. He added that in his opinion the respondents had misunderstood the question and this represented the main reason for the variance in the SERVQUAL expectations rather than different attitudes or perceptions. Thus, an alternative model was developed by Teas (1993, 1994). This model was based on evaluated performance (EP) and normed quality (NQ). Teas concluded that some problems related to the E-P gap can be overcome by the EP model. However, Parasuraman et al. (1994), in their reply to Cronin and Taylor (1992) and Teas (1993, 1994), stressed that concern regarding the SERVQUAL scale is debateable, the problem of comparison of norms and their explanation has not yet been resolved totally and therefore, could be revised; from a practical viewpoint and compared to SERVPERF, SERVQUAL is superior.

Buttle (1996) summarised the theoretical and operational criticisms towards SERVQUAL as follows:

(1) Theoretical:

- Paradigmatic objections: SERVQUAL is based on a disconfirmation paradigm rather than an attitudinal paradigm; and SERVQUAL fails to draw on established economic, statistical and psychological theory.
- Gaps model: there is little evidence that customers assess service quality in terms of P – E gaps.

• Process orientation: SERVQUAL focuses on the process of service delivery, not the outcomes of the service encounter.
• Dimensionality: SERVQUAL's five dimensions are not universals; the number of dimensions comprising SQ is contextualized; items do not always load on to the factors which one would a priori expect; and there is a high degree of intercorrelation between the five RATER dimensions.

(2) Operational:

• Expectations: the term expectation is polysemic; consumers use standards other than expectations to evaluate SQ; and SERVQUAL fails to measure absolute SQ expectations.
• Item composition: four or five items cannot capture the variability within each SQ dimension.
• Moments of truth (MOT): customers' assessments of SQ may vary from MOT to MOT.
• Polarity: the reversed polarity of items in the scale causes respondent error.
• Scale points: the seven-point Likert scale is flawed.
• Two administrations: two administrations of the instrument causes boredom and confusion.
• Variance extracted: the over SERVQUAL score accounts for a disappointing proportion of item variances.

However, one of the major criticisms of SERVQUAL concerns its dimensionality. Numerous studies have failed to identify the underlying dimensions originally reported by Parasuraman et al. (1988). In this context, the number of the dimensions is a function of the type of service (Babakus and Boller, 1992; Cronin and Taylor, 1992; Robinson, 1999; Ioannou et al., 2003) Moreover, suggested that it is also a function of the culture under investigation (Lewis, 1991; Ioannou et al., 2003; Sangeetha and Mahalingam, 2011). Robledo (2001) went further to be a function of company under investigation.

In general, despite its criticisms, SERVQUAL has been broadly applied by academics and managers (see for example: Akbaba, 2006; Arasli et al., 2005; Sureshchandar et al., 2002). Its 22 variables are the most important aspects of service quality (Bolton and Drew, 1991; Parasuraman et al., 1991; Babakus and Boller,

1992). Moreover, it has been used in most studies measuring service quality in the Middle East and North Africa, which is the area of concern in this study (see for example: Al-Tamimi and Al-Amiri, 2003; Jabnoun and Khalifa, 2005; Jabnoun and Al-Tamimi, 2003). SERVQUAL is the starting point and not the final answer. It is a "skeleton" for measuring the quality of service, and minor modifications could be appropriate (Parasuraman et al., 1991). Nevertheless, what can be argued is that SERVQUAL as a tool for measuring service quality needs to be reviewed.

As mentioned before, service is a process which is normally intangible in nature, in the area of quality. Achieving high service quality is about a philosophy of an organization and how the performance of its employees translates this philosophy into action. Therefore, the role of employees, especially frontline employees is a vital element in translating this philosophy, and the delivery of service to customers. The interaction between frontline employees and customers is a significant opportunity to deliver high service. Within this process of delivering service although customers are an important element, the concept of quality should not be merely about them.

The previous discussion was implicitly mentioned in the two key schools of service quality, namely the Nordic service quality model and the North American gap school. In this context and according to Grönroos who is the central pillar in the Nordic school service quality is determined by several components interacting with each other. Customer's perception of service quality depends highly not just on the output of the service but importantly on the process of delivery. In addition, the customer's involvement and the role of frontline employees were highly recognised by this school. Such an understanding of the concept of delivering service was also similar to the North American gap school. Although PZB see service quality is mainly about gap 5, customer's perceptions and their expectations, they acknowledge that this gap is driven by the other four gaps, which are about issues related to the role of management and employees, especially frontline employees in the delivery of high service quality.

Nevertheless, what can be noted regarding the application of this model is that instead of seeing service quality as an issue consisting of several components and

gaps, attention was mainly paid to gap 5 to the neglect of the other four gaps, therefore it might be argued that SERVQUAL is not a comprehensive enough tool with which to measure the other gaps. As a result, what can be stated explicitly is that service quality is a process by which management philosophy and policies are translated to employees, especially frontline employees then to customers who in addition to their main role in terms of evaluating service quality would be seen also as a co-operative element in this process. This process however should not be considered in the manner of one single journey that aims "just" to deliver or provide a "thing" to a customer. In fact, it is wider than this. The circularity of this process and understanding the roles of the different elements and the interaction between these elements are also important issues in order to achieve a high level of service quality.

After identifying the key schools in the area of service quality, and because this research is conducted in the area of the banking industry, the next section aims to provide a review of the subject of service quality in the area of the banking industry in general.

3-3 Service quality in the banking industry

As mentioned before, service quality is one of most important tools that can be used by organizations to distinguish themselves in the marketplace. This is particularly true in the banking industry where service quality represents a critical factor of success (Yavas et al., 1997; Newman, 2001; Caruana, 2002; Chaoprasert and Elsey, 2004). Since the focus of this thesis is related to service quality in the banking sector in general, this section aims to provide a review of a number of studies regarding the subject of service quality that have been conducted in the area of banking industry in general. In the following table, examples of these studies are summarised:

Table 6: Examples of studies regarding service quality conducted in the context of banking

Authors	The dimensions of service quality	Scale used	Respondents
LeBlanc and Nguyen (1988)	Contact personal, the internal organization, the degree of customer satisfaction, physical	45 items	User-members of credit union

	quality, corporate image, and the interactions between customers and employees		
Lewis (1991)	Physical features and facilities, reliability, contact staff and responsiveness	31 items	Retail customers
Parasuraman et al (1988)	Reliability, responsiveness, assurance, empathy, and tangibility.	22 items	Retail customer
Blanchard and Galloway (1994)	Authors used 3 classifications of service quality dimensions: process/outcome; subjective/objective; and soft/hard	31 items	Customers and employees
Bahia and Nantel (2000)	Effectiveness and assurance; access; price; tangible; services portfolio; and reliability	the "BSQ" scale	Retail customers
Aldlaigan and Buttle (2002)	Service system quality, behavioural service quality, service transactional accuracy, and machine service quality	the SYSTRA-SQ scale	Retail bank customers
Spathis et al (2004)	effectiveness and assurance; access; price; tangibles; service portfolio; and reliability	BSQ with 31 items	Retail customers
Karatepe et al (2005)	Service environment, interaction quality, empathy, and reliability	scale consists of 20 items	Customer of retail bank
Mushtaq (2005)	Tangibility, reliability, responsiveness, assurance, and empathy	SERVQUAL scores	Retail customers.

However, although the subject of service quality in the area of the banking industry is huge and is not easily summarised in a few words, what can be deduced from the above table is that there is diversity and difficulty in determining a fixed approach for measuring service quality. In this context, dimensions of service quality and

items that form the scale used to measure service quality were different from one study to another.

Nevertheless, the five dimensions of the SERVQUAL were widely suggested by authors. In terms of the scales used to measure service quality, most of these studies used SERVQUAL or considered it as the starting point then added items specific to their studies. Also, what can be stated with regard to the respondents is that in the vast majority of studies they were customers. This could mean that instead of studying the issue of service quality as a process, as mentioned before, where a philosophy of an organization is translated by employees, especially frontline employees, and then perceived by customers, this issue was in general limited to the role of customers in terms of evaluating the dimensions of service quality. In other words, there was a lack of application of the previous mentioned conceptual framework proposed in this study in which the concept of service quality is wider than being represented only in terms of customers' perception and expectations.

As mentioned earlier, this section reviewed studies conducted in the banking industry in general, but, since this research concerns service quality in Islamic banks in particular, attention has also to be paid to studies that are related to this subject in Arabic and Islamic literature. This is the aim of next two sections.

3-4 Service quality in the context of Arabic/Islamic environment

Table 7: Examples of service quality studies conducted in Arabic and Islamic contexts

Authors, year, and industry	Study questions	Study objectives	Scale	Key Results
Ashour and Wady, (2005), Banking	Is there a gap between customers' expectations and their perception?	To determine the relative importance of service quality dimensions. To identify the role of the demographics factors	SERVQUAL 21 items	There is a significant gap between all the dimensions.
Sheikh and Al-Korde (2008), Airlines in	What is the level of service quality of Jordan airlines	To test the validity and reliability of the scale. To identify the	SERVQUAL 30 Items	Customers' evaluations ware positive.

Jordan	from the customers' perspective?	relative importance of the dimensions. To identify the role of the demographic factor		Expectations were higher than perceptions.
Abo-Mumar, (2005), Banking in Palestine	Is there any significant relative importance between the dimensions? Is there difference between SERVQUAL and SERVPERF?	To measure service quality from the customer perspective. To identify the best way to measure service quality. To identify the relative importance of the dimensions.	SERVQUAL and SERVPERF	There are differences between dimensions. SERVPERF is better than SERVQUAL.
Al-Tamimi and Al-Amiri, (2003), UAE Islamic Banks	Is there significant difference between the level of overall service quality in Dubai and the Abu Dhabi Islamic banks?	UAE Islamic banks, comparison between Dubai and Abu Dhabi Islamic bank. Modified SERVQUAL	A modified SERVQUAL	No significant difference between the level of overall service quality in the banks.
Jabnoun and Al-Tamimi, (2003), UAE Commercial Banks	What are the dimensions of banking service in the UAE commercial banks? Do the dimensions of service quality contribute equally to the variations in the overall service quality?		A modified SERVQUAL 30 items. Perception only	Factor analysis resulted in human skills, found to be more significant than others, and tangibility and empathy, found to be equally significant.
Jabnoun and Khalifa, (2005), Banks in UAE		To develop a measure of service quality that is pertinent to the country and culture where the service is offered	Five dimensions of SERVQUAL in addition to the dimensions of values and	Factor analysis resulted in four dimensions. Widely used measures such as

			image. 30 items	SERVQUAL may miss important customer concerns. Customers of Islamic banks are most concerned with impressions of sincerity, trust, and care also with the religious aspects of the service aspects
Rashoud, (2008), Banking	What is the level of service quality? Is there a difference between customers in their perception of the service provided according to demographic factors?	To identify the items of intangibility, reliability, responsiveness, assurance, and empathy from the customer perspective.	SERVPERF 32 items	The level of service quality of the four dimensions was good except empathy. Scale is valid and reliable.
Al-Mbric, (2002), Banking		To identify the attitudes of Saudi women towards banking service quality	SERVPERF	Taking the women's view to develop women's service quality
Al-Zaite, (1997), Non-Islamic Banks in Egypt	Is there a difference between evaluations of service quality based on the SERVQUAL or SERVPERS scale? Are there statistically significant		SERVQUAL and SERVPERF	SERVPERF is better than SERVQUAL. There are no statistically significant differences between the customer's gender and age, and their evaluation of

	differences between the customer's gender and age, and their evaluation of service quality?			the quality.
Abdullah and Kassim, (2009), Banking	How do service quality dimensions affect satisfaction and retention?	To assess the customers' perception of service quality	26 items were built from an exploratory study	Factor analysis resulted in four dimensions. Customer satisfaction and retention was statistically significant.

What can be seen from the above table is that all these studies began in the second millennium except the study of Al-Zaite (1997). Consequently, compared to what has been written in the Western literature, this subject is still new in the Arabic or Islamic environment. Based on this, much recent attention has to be given to the subject of service quality in both areas.

Moreover, except for the study of Sheikh and Al-Korde (2008) all of these studies were carried out in the area of the banking industry. This indicates the importance of the banking industry as a focus for current research in this area and its role in economic activity. This gives a good foundation for this research to study the subject of service quality.

Concerning the instruments that are used in these studies, most of them used SERVQUAL or SERVPERF. In some studies, the original version was applied, while in the other studies the authors used a modified instrument. With the aim of comparison between SERVQUAL and SERVPERF, in terms of the validity and reliability, in the studies of Al-Zaite (1997), and Abo-Mumar (2005) the authors used both. In this context, although the two scales were considered by authors as reliable and valid measures, SERVPERF was preferred to SERVQUAL. These studies did not fully provide the reasons for this priority.

The issue of the relationship between service quality and customer satisfaction was also studied (Abo-Mumar, 2005; Abdullah and Kassim, 2009). According to these studies, there is a positive relationship. In the study of Abo-Mumar (2005) customer satisfaction leads to purchase intent and loyalty, and in the study of Abdullah and Kassim (2009), it has an effect on customer retention. These results enhance the debate about the positive relationship between service quality and customer satisfaction, and send a clear message to organizations that customer retention is highly related to the level of service quality.

However, in spite of the fact that the concept of service quality in the context of Islamic banks has its distinctive meaning, studying this concept has taken almost the same approach as in other studies, conducted in non-Islamic banks. In this context and similar to the studies conducted in the banking industry in non- Arabic and Islamic environment, the SERVQUAL model was widely used.

Given that Islamic banks operate under a different culture and principles as compared to other industries, and taking into account the previous discussion, an important piece of work was done by Othman and Owen (2001). They developed a tool for measuring service quality called "CARTER" consisting of the SERVQUAL dimensions with the addition of an extra dimension "Compliance with Islamic law". In order to shed more light, the next section aims to provide a review of the CARTER model.

3-5 The CARTER model

In a paper titled "Developing an Instrument to Measure Customer Service Quality (SQ) in Islamic Banking" published in the International Journal of Islamic Financial Services (IJIFS) in June 2001, Othman and Owen concluded that it is important for Islamic banks to adopt service quality programmes to improve ways of providing products and services to their customers and to cope with strong competition from non-Islamic banks and new arrivals to the market. They also stated that new studies in service quality should be based on the original ten or new five dimensions of SERVQUAL, and should be modified to be suitable for each industry by suggesting or examining new dimensions. That is because of the existence of cultural differences between countries, regions, religions, or ethnic groups which reinforce

the importance of building additional dimensions for service quality in the Islamic banking industry. The CARTER (Othman and Owen, 2001) is an adaptation of the predominant Western SERVQUAL model (Parasuraman et al., 1988) through the addition of 'compliance'. As a result this model consists of six dimensions (Compliance, Assurance, Reliability, Tangibles, Empathy and Responsiveness), and 33 attributes were included in these six dimensions. Several studies have adopted this model. The next section aims to review these studies.

3-6 Studies using or adopting the CARTER model

There is a limited body of literature regarding the CARTER model. For example:

- **The multidimensionality of CARTER model to measure customer service quality in Islamic industry: A study in Kuwait Finance House (Othman and Owen 2002)**

Othman and Owen (2001), who developed the CARTER model aimed in this paper to identify whether all 33 items of their model are loaded positively by using the Principle Factor (component) (PF) test. In terms of the reliability of this model, the results showed high reliability for the scale (0.95), and for the six dimensions (0.70, 0.81, 0.79, 0.89, 0.77 and 0.79 respectively).

With regard to the aim of this paper, the results showed that the CARTER is a multidimensional variable comprising six dimensions. Except for the item "Knowledgeable and experienced management team", all the items loaded more than 50%, under the umbrella of the same dimensions. In their recommendations, the authors stated that Islamic banks should be aware of religious and cultural items, which came first in the Principle Factor (component) (PF) test, and, moreover, they suggest that researchers may benefit from the multidimensionality of the CARTER model, and re-conceptualise it to be more related to issues of Islamic banks' culture, performance, and environment.

- **Adapting Islamic banks' CARTER model: An empirical study in Riau's Syariah Bank, Indonesia (Ciptono and Soviyanti, 2007)**

In a similar way to the previous study, this paper also examined the multidimensionality of the CARTER items, in Syariah Bank in Pekanbaru, Riau,

Indonesia, by using an exploratory principle components factor analysis. With regard to the reliability of the CARTER, the Cronbach's alpha ranged from 0.929 to 0.939. The Major conclusion of this study is that CARTER is a multidimensional variable comprising eight critical factors of CSQ (CARTER+ 2C- Compliance, Assurance, Reliability, Tangible, Empathy, Responsiveness, Competence, and knowing the Customer or Customer Intimacy) with 32 items. The additional 2Cs (Competence, and knowing the Customer or Customer Intimacy) are the dimensions of professional hospitality.

- **Adopting and measuring customer service quality in Islamic banks: A case study of Bank Islamic Malaysia Berhad. (Shafie et al, 2004)**

In order to fulfil one of the most important aims of this study, customers of Bank Islamic Malaysia Berhad were asked to rank the dimensions and items of the CARTER model according to their importance. The five-point Likert scale was used. The results showed high reliability for both the scale and the six dimensions.
In terms of the relative importance of the CARTER dimensions, compliance was ranked first, followed by reliability and assurance, whereas the least important dimensions were responsiveness, empathy and tangibility. With regard to the CARTER items, "dealing with products that are accepted by Islamic law" was ranked first, followed by the item "runs on Islamic principles", while "an opportunity to get free interest loans" was ranked third.
In terms of whether the items of the CARTER model represent outcome or process issues, the results showed that this model includes 20% outcome and 80% process.
In summary, what is recommended from this study is that when adopting service quality programmes, it is important to take into account the cultural difference between Islamic banks and non-Islamic banks. Moreover, based on the validity of the CARTER model, Shafie et al. recommend that this model should be used further to study other issues such as Islamic banks' environment and culture.

- **Service quality and customer preference towards Islamic banking in Malaysia: a study using CARTER model (Lamsali et al., 2005).**

This study was conducted to find the answer to the question of whether there are differences in customer satisfaction with Islamic banking between geographical areas (cities). After the pilot study, adjustments were made by Lamsali et al

regarding the items within the questionnaire. However, they did not mention the kind of adjustments made. The findings show that the CARTER model was found to be consistently reliable. In terms of the aim of the study, the results show that there are differences in customer satisfaction towards Islamic banking between geographical areas (cities). In their recommendations, Lamsali et al state that future studies should focus on demographic factors, cultural issues, and the banking environment.

- **Customers satisfaction in Malaysian Islamic banking (Osman et al., 2009)**

Osman et al. 2009 used the CARTER model to investigate perception of customers towards the quality of services of Malaysian Islamic Banks, Islamic foreign counterparts, and foreign banks that are providing Islamic products and services. Moreover, this model was used to identify criteria used in choosing a bank.
In order to generate the attributes of service quality, four focus groups were conducted. However, these attributes were similar to those of the original CARTER model. The reliability test of the CARTER scale was examined; the alpha was equal to 0.79. To identify the level of service quality, this study did not use the gap model of Parasuraman et al. (1988). It preferred to apply the Cronin and Taylor (1992) model (SERVPERF). With regard to the mean values of the CARTER model, the following table shows the results that were obtained from the distributed questionnaires among customers

CARTER Model	Mean
Compliance	4.8733
Assurance	4.9726
Reliability	5.0548
Tangibility	4.9592
Empathy	4.9490
Responsiveness	4.9218

The above table shows that reliability (mean 5.05) was ranked first, followed by tangibility, while compliance was ranked as the last dimension. What is interesting with regard to criteria used in choosing a bank is that compliance is the only significant attribute that contributes to this choice. This result supports the results of

Othman and Owen (2001), where compliance was found to be the most significant criterion. Finally what is recommended by Osman et al. (2009) is that in order to obtain a competitive advantage and to achieve a high position in the marketplace, Islamic financial institutions are required to ensure their service quality leads to customer satisfaction, which, in turn, leads to customer loyalty. This means that to achieve these goals they should not only rely on their "Islamic" image to attract customers (Muslims and non-Muslims).

- **Service quality perceptions between Cooperative and Islamic Banks of Britain (Sadek et al., 2010)**

This study used the CARTER model to compare the mean values of the 6 dimensions of this model in the Islamic Bank of Britain (IBB) and the Cooperative Bank (CB) in Leicestershire, United Kingdom, based on customers' preference. These two banks were chosen due to their special characteristics. In this context, the former is the first UK bank to apply *Shariah* law, while the latter has its own ethical policy. In order to be applicable to the Cooperative Bank (CB), the wording of the 5 items of the compliance dimension were changed as follows:

Islamic Bank of Britain (IBB) *Dimension of Compliance with Shariah*	**Cooperative Bank (CB)** *Dimension of compliance with ethical principles*
1- Run on Islamic law and principles	Run on ethical policy
2- No interest is paid nor taken on savings and loans business	No investment on environmentally harmful
3- Provision of Islamic products	No financial support for countries companies with poor human rights record
4- Provision of free interest loans	Customer oriented financial services
5- Provision of profit-sharing investment and products	Provision of all non-Islamic banking financial products

The following tables show the highest ranked items in the two banks

The highest important ranked items	Islamic bank of Britain
1-	No interest is paid nor taken on

	saving and loan
2-	Provision of Islamic product and services
3-	Run on Islamic law and principles
4-	Politeness and friendly staff
5-	Provision of profit sharing
6-	Provision of free interest loan

The highest important ranked items	Cooperative bank
1-	Run on ethical value
2-	Knowledge of customer, business or Willing help
3-	Way staff treat customers
4-	External appearance
5-	Opening hours operation
6-	No financial support for countries and companies with poor human right record

What can be seen based on the above tables is that customers assess the religious characteristics of the IBB very highly, while similar ethical features are not prioritised by customers of the CB.

- **Customer expectations and perceptions of service quality in Islamic banking: evidence from Malaysia (Tahir et al., 2008)**

This study used the CARTER model to measure the level of service quality of Malaysian Islamic banks. The perceptions-expectations approach was used. Exploratory factor analysis was conducted for 26 items out of the original 34 items of the CARTER model. As a result, 20 items were finally chosen. The result shows that customers' expectations were consistently higher than their perceptions.

- **Service quality in the financial services in Malaysia: the case of Islamic banks and insurance (Tahir and Ismail, 2005)**

The purpose of this paper is to examine the level of service quality and customer satisfaction in Islamic banks and insurance companies in Malaysia. The study employs the SERVQUAL model based on the work of Parasuraman et al. (1988), and the CARTER model. The results revealed that both the service quality of Islamic banks and the Islamic insurance companies in Malaysia were unsatisfactory. The results also indicated that customers of both Islamic banks and insurance companies rated compliance as the most important dimension when assessing service quality.

What can be said about these studies is that in terms of the study of Othman and Owen (2002) who actually developed the CARTER model, the authors aimed mainly to raise the issue of the reliability and validity of this model in measuring the level of service quality in an Islamic context. In this context, they aimed to confirm the validity of the dimensions and items included in this model, especially those related to the religious and cultural aspects, in representing the issue of the Islamic view in the area of service quality. In other words, Othman and Owen in their paper aimed to send the message that the CARTER model developed by them in 2001 is an appropriate scale, which fits the context for which it was designed. However, they gave scope for authors to re-conceptualise the CARTER model in the light of other perspectives raised, which allows this model to better represent the issue of service quality in the Islamic context. With regard to the rest of the studies that used the CARTER model what can be said is that the discussion includes the theoretical and practical aspects.

In terms of the first issue, in spite of recommendations suggested by Othman and Owen (2002) to re-conceptualise the CARTER model to be better related to the issues of an Islamic bank's culture and environment, most of these studies used the original CARTER model and did not change or add items that would make this model more closely represent a scale that should be used for the issue of service quality in the Islamic context. From the practical point of view most of these studies were conducted in the state of Malaysia. In terms of the reliability of the scale, the Cronbach's alpha was high. The results of factor analysis in terms of the number of

dimensions and items were different in these studies, nevertheless the dimension of compliance was generally found to be the most important dimensions of the CARTER model.

However, one issue requiring further discussion is the existence and measurement of the components of service quality, extracted in the previous chapter, in the Arabic/Islamic studies mentioned previously.

Starting with the first component, which is traditional services, most of these studies followed what is commonly found in the wider literature by encapsulating the traditional debates and patterns of service quality dimensions. Items for example related to the ability of the bank to provide services in terms of day-to-day provision, and the qualities of frontline employees in terms of having the necessary traditional skills, were found.

With regard to the second component, which is compliance with *Shariah*, in some studies, especially those conducted in the Islamic environment, the attention and therefore measurement were concentrated on one aspect, which is the legal side of financial transactions that the bank operates in accordance with Islamic law. However, understanding the concept of compliance with *Shariah* in its wider meaning was absent. In this context, issues such as those related to the social and cultural responsibilities of Islamic banks were commonly ignored.

This situation also applies to the third component, which is the role of frontline employees. Most of Arabic/Islamic studies saw and therefore measured the role of these employees in terms of, as mentioned before, having 'traditional skills'. Therefore, these studies did not recognise and then measure the distinctive feature of the role of employees in an Islamic context that relates to their religious responsibilities.

In general, except for the measurement of legal aspects of services provided in terms of their compliance with Islamic law, what is applied is derived solely from the western context. From a theoretical or practical point of view, this is what is widely adopted by authors in an area that is supposed to have its own distinctive approach,. Whilst some empirical work in this area exists and has tried to extend these

boundaries, in general it lacks consistency and does not reach the wider meaning of the concept of service quality is Islam. In this context, in the Islamic literature, although the CARTER model is considered unique and a pivotal model in addressing the issue of service quality of Islamic banks, it still only addresses the issue of service quality of Islamic banks in terms of its compliance with Islamic "law", ignoring its wider Islamic meaning. Consequently, in a review of the subject of service quality in the Arabic and Islamic literature, the lack of an appropriate scale for measuring service quality that takes into account the process of delivering service associated with the distinctive philosophy of Islam, especially in the area of service quality, is evident.

3-7 Summary

This chapter started by reviewing the key schools of service quality, which included the Nordic and the North American gap school. Then studies which have been conducted in the banking industry in general and in the context of an Arabic and Islamic environment were reviewed. Moreover, studies using or adopting the CARTER model were given particular attention, as this approach begins to address some of the issues of incorporating an Islamic perspective.

Researchers disagree about the concept of service quality and how to measure it (Robinson, 1999). Within the arena there are two main schools of thought: the Nordic- based on Grönroos's (1984) work, and the North American- based on Parasuraman et al. (1998). There is also other conceptual work that falls outside these two. The North American school is adopted in this research because Arabic researchers have utilized this approach extensively, and this work follows that tradition. Additionally, this approach uses a more well-developed set of dimensions that enable a much more sensitive basis for measurement. Given that this research concerns measurement, this provides a firmer foundation. Within the North American school two primary models have been used for measuring quality of service: the SERVQUAL measure, based on Parasuraman et al. (1985, 1988, 1990, 1991), and the SERVPERF measure developed by Cronin and Taylor (1992). The service quality dimensions are the same in both scales.

However, while SERVQUAL measures service quality through the difference between consumers' expectation and perception, SERVPERF relies on measuring perception only. This difference in the operation of the models has received much attention and it is still an area for ongoing debate. However, based on several reasons, such as the result of Cronin and Taylor, (1992), the recommendation provided in many studies, especially those conducted in the Arabic and Islamic area (for example, Al-Zaite, 1997; Abo-Mumar, 2005) and from the practical point of view in terms of its operationalization in the field, the SERVPERF measure was used in this research.

In the context of the service quality of Islamic banks, a scale called the CARTER model was developed by Othman and Owen (2001). It is an adaptation of the predominant Western SERVQUAL model (Parasuraman et al., 1988) which adds an extra dimension of 'compliance' to certain aspects of *Sharia*, (Islamic law). However, the CARTER model does not extend its consideration of service quality beyond this. This is a somewhat cursory treatment and does not reflect the centrality of the notion of "objective of *Shariah*", which could have a more profound impact on the notion of service quality – both in terms of its perception and enactment. Therefore, amendments that relate to the concept of service quality from an Islamic perspective have to be added to the CARTER model to enhance its fit with the real values and objectives that are behind the establishment of the Islamic banking industry.

Chapter Four

The research methodology

4-1 Introduction

The previous chapters provided the background to this study. The present chapter describes the methodological steps that were followed y. This study sits within the traditions established by early researchers in this field of service quality. In particular, it adopts a modified questionnaire instrument supported by interviews. This approach is consistent with a research philosophy of realism. Realism, as a philosophical position for research, involves aspects of both positivism and constructivism; therefore both qualitative and quantitative methodologies are seen as appropriate for researching the underlying mechanisms that drive actions and events (Healy and Perry, 2000). This chapter is divided into five sections. Section two discusses the research design based on the scientific realist perspective. The instruments used in this study to collect the data (the interviews and the questionnaire process) are explained in section three. Section four explains the difficulties faced during research. Finally, a summary is provided in section five.

4-2 Research design based on the scientific realist perspective

A core issue for researchers is not so much related to choice of methodology but more related to acknowledgement of research paradigm (Guba and Lincoln, 1994). A methodology is only one of the three elements of a paradigm that researchers either explicitly or implicitly work within - a paradigm includes the other elements of ontology and epistemology (Guba and Lincoln, 1994).

The subject of service quality has received much attention in the literature, and in this context, the North American school is followed by many researchers. However, despite the fact that there is a difference between the Western cultures, particularly the Anglo-Saxon culture, and the Arabic and Islamic culture, most of the Arabic studies that are related to the subject of service quality follow the Western school of thought in studying this subject. Moreover, what is more surprising is that this approach is also common in an Islamic environment where quality has a different meaning from that which predominates in non-Islamic contexts. In this context, previous studies which followed the Western school were limited not only by the method or scales used to measure service quality in Arabic or Islamic environments, but went further in terms of following the Western approach, values, and the

thought- patterns in which the concept of service quality was considered. Thus, in order to explain the appropriate approaches used in this study, the next two points have to be stated:

1- Since service quality as proposed in this research has multiple perspectives that are wider than merely being represented in customers' views, and due to the significant role of frontline employees in the process of service quality, this research aims to explore the distinctive perspective of Islam to the concept of work in general and the term service quality specifically among frontline employees of Egyptian Islamic banks. This will be achieved by a qualitative method, which is interviews with these employees.

2- In order to further investigate the concept of the service quality of Egyptian Islamic banks, the extent to which the philosophy of these banks is represented in their mission statements was examined and the degree to which employees' behaviour was successful in fulfilling their responsibilities was explored through a quantitative approach where questionnaires were distributed to customers of these banks.

Thus, seeing the concept of service quality in a context that includes many elements and perspectives in their wider meaning, extending beyond the objective aspects, is consistent with a paradigm that takes into account these perspectives and thus, the best philosophical fit is scientific realism.

Realism

Realism research involves searching, albeit necessarily imperfectly, towards an understanding of the common reality of an economic system in which many people operate independently. Realism is neither value-laden nor value-free. Rather, realist researchers are value- aware (Healy and Perry, 2000). That is, realists accept that there is a real world to discover, even if it is only imperfect and probabilistically apprehensible (Tsoukas, 1989; and Guba and Lincoln, 1994). In other words, a participant's perception is not "reality" as constructivism and critical theory would suggest. Rather, a participant's perception (for realism) is a window to reality, through which a picture of the reality can be triangulated with other perceptions. That is, realism relies on multiple perceptions about a single reality. Understanding

these multiple perceptions can involve triangulation of several data sources, and also several peer researchers' interpretations of these triangulations (Healy and Perry, 2000). A person's perceptions are a window on to a 'fuzzy', external reality. Realism sees this external reality as consisting of structures that are themselves sets of interrelated objects, and of mechanisms through which objects interact (Sobh and Perry, 2006). In other words, the viewpoint of the observer must be borne in mind at all times in describing any part of the world.

Therefore, the purpose of this research is to gain insight into and describe the complexity of service quality from an Islamic perspective. Instead of looking for single instances, realism should be consistently asking why a result has been found, because the observed finding are merely "outcropping" of a deeper, unobserved and unobservable reality or the "tip of an iceberg" (Gummesson, 2000). Realism could underlie many of the methodologies used by researchers (Healy and Perry, 2000).

Magee (1985, cited in Healy and Perry, 2000) summarises the three ontological assumptions above in three "worlds". World one is positivist and consists of objective, material things. World two is related to critical theory and constructivism, and is the subjective world of minds. World three is related to realism and consists of abstract things that are born of people's minds but exist independently of any one person "the third world is largely autonomous, though created by us". Realism is appropriate for researching complex social phenomena because of the nature of its reality, the relationship required between reality and the researcher, and the related methodologies. Realism provides a coherent approach of its own that is not a mere blend of other approaches.

4-3 Data collection

Because of the scope of the study, the researcher has used a number of different instruments to collect the required data. In this context, the two main sources were interviews conducted with frontline employees and questionnaires distributed to customers of the two Egyptian Islamic banks.

The reason for using the interviews was due to the fact that employees, especially frontline employees, as mentioned before, represent an important element in the process of delivering service. Since values, especially the distinctive values of Islam

in their wider meaning, should be associated with this process, in order to explore these values, interviews are widely recommended for being used in this context. The reason for using a questionnaire was to compare the practice of service quality with the conceptual framework developed by the study. Customers were the crucial source for information related to perceptions of service quality. Moreover, in order to cover the wide aspects of service quality, which includes many elements and issues, the banks' websites and field notes were also studied. However, using quantitative data in terms of questionnaires and qualitative data in terms of interviews, does not mean that each aspect works in isolation from the other. Rather, although each one aims to achieve a particular objective, the treatment of the data is best viewed as a whole representing the issue of service quality in an Islamic context and not separated into two treatments.

4-3-1 The questionnaire process

4-3-1-1 Measuring customers' perceptions: modelling

The study will depend on the modified CARTER model to measure customers' perceptions of the level of service quality in Egyptian Islamic banks. In a paper titled "Developing an Instrument to Measure Customer Service Quality in Islamic Banking" published in the IJIFS in June 2001, the authors Othman and Owen concluded that it is important for Islamic banks to adopt a service quality program to improve ways of providing products and services to their customers and to cope with strong competition from non-Islamic banks and new arrivals to the market.

The study also developed an instrument to measure service quality in Islamic banking, with six dimensions namely; CARTER (Compliance fully with Islamic law and principles, Assurance, Reliability, Tangibles, Empathy, and Responsiveness). Othman and Owen mentioned that the development of the CARTER model was based on the issues highlighted and summarised below:

1- Previous research in service quality which tried to build and test the validity of service quality measurement models, such as the SERVQUAL model which is based on the difference between customers' expectations and perceptions (e.g. Parasuraman et al., 1985; 1988; 1990; 1991; 1993; 1994), and the SERVPERF

model, which excludes any consideration of customers' expectations in its scale (e.g. Cronin and Taylor, 1992; 1994).

2- The cultural and religious influences were significantly rated and placed in front of Islamic banks' customers.

3- The similarity of principles and reasons behind the establishment of Islamic banks in different cultures.

4-3-1-2 The CARTER Model

The CARTER is an instrument that can be used to measure Islamic banking service quality and to create useful quality-assessment tools (Othman and Owen, 2001). It includes, in addition to compliance with Islamic law, the principles of all five SERVQUAL dimensions, which consists of 33 items. The two authors also defined the six dimensions as follow:

D1: Compliance: which means the ability to comply with Islamic Law and operate under the principles of Islamic banking and economy

1- Run on Islamic law and principles
2- No interest is paid nor taken on savings and loans
3- Provision of Islamic products and services
4- Provision of interest free loans
5- Provision of profit-sharing investment products

D2: Assurance: is the knowledge and courtesy of employees and their ability to convey trust and confidence. It also includes verbal and written communication between bank staff and customers

6- Politeness and friendly staff
7- Provision of financial advice
8- Interior comfort of the bank
9- Ease of access to account information
10- Knowledgeable and experienced management team

D3: Reliability: the ability to perform the promised service, with dependability and accuracy

11- Convenience (timely service anywhere).
12- Wide range of products and services provided
13- Security of transactions

14- More tills open at peak time

D4: Tangibles: means the appearance of physical facilities, equipment, personnel, and communication materials

15- External appearance

16- Speed and efficiency of transactions

17- Opening hours of operations

18- Counter partitions in Bank and its branches

19- Overdraft privileges on current account

D5: Empathy: caring individualised attention which the Islamic bank provides for its customers.

20- Bank location (easy to get to the bank).

21- Well known bank

22- Bank size of assets and capital

23- Parking available

24- Confidentiality of Bank

25- Confidence in Bank's management

26- Products and service profitability

27- Lower service charge

28- Provision of financial advice

D6: Responsiveness: is the willingness to help customers and provide prompt service.

29- Knowledge of customer's business or willingness to help

30- Way staff treat customers

31- Availability of credit on favourable terms

32- Branches

33- Fast and efficient counter services

4-3-1-3 The modified CARTER model

Although the CARTER model is the first approach to add the customers' religious beliefs to quality dimensions, there are some issues that have to be discussed. They are in general related to components of service quality, in particular the component of compliance with *Shariah* suggested in this research. Though this component is

considered to be the distinguishing feature of the CARTER model, it ignores some factors that are linked to the concept of the Islamic bank in its wider definition. In general, this dimension concentrates heavily on one aspect of the concept of the Islamic bank, which is "Islamic law", and how financial transactions should be applied, especially in terms of the issue of interest *(Riba).* In this context, interest is a matter of concern to Islamic banks, but a bank cannot be considered an Islamic bank just because it does not pay or take interest. Applying *Shariah* law, especially in terms of interest is an important issue; however, this cannot be considered as the single and the most distinctive feature of Islamic banks. In other words, in an area such as the service quality of Islamic banks, services and goods provided by these banks have to be holistic, reflecting the wider values and principles of Islam. Services such as those related to the social responsibility of Islamic banks and their role in the distribution of Islamic financial knowledge have to be seen in action.

Moreover, with regard to employees, in addition to having the necessary traditional skills, other distinctive qualities related to the Islamic perspective are also required from these employees. In this context, items such as those related the distinctive features of a practicing Muslim in terms of being a close friend to customers should also be evident. Thus, what can be argued here is that adding items related to the components mentioned in this study will enrich the CARTER model and make it a more comprehensive Islamic service quality scale.

Additionally, reinterpreting the items found in the original CARTER model to have a more 'Islamic' meaning or to be more understood by the local people of, for example, Egypt, would improve the models ability to reflect local views. Based on this perspective, the CARTER model developed by Othman and Owen (2001) was modified in this study to include the previous issues mentioned.

4-3-1-4 Questionnaire design

The questionnaire consists of two parts; the first part contains items to measure the level of service quality, and the second determines the demographic factors of respondents. A five point LIKERT scale was used instead of the seven point scale as it reduces the frustration level of respondents (Buttle, 1996), and increases response rate and response quality (Babakus and Mangold, 1992). The five points of the scale

represents the following five categories of response: (5) strongly agree; (4) agree; (3) neither agree nor disagree; (2) disagree; (1) strongly disagree.

In this study, perceptions of service quality alone were measured. There are three reasons for this: the conceptual psychometric problems linked with using differences between perceptions and expectations (Cronin and Taylor, 1992); the desire to make the task of the respondents of this study easier, and the fact that performance based measures of service quality were used in the original CARTER model.

To boost the response rate and minimise the number of respondents who failed to complete the survey, research suggested that the time spent answering the survey questions should be as minimal as possible.

In contrast to the order of the modified CARTER model, the author decided to adapt the order of the items in the modified CARTER model questionnaires. This was done in an effort to elicit more considered responses. The same order was of course given to each respondent.

4-3-1-5 Questionnaire preparation stages and drafts

The preparation of the questionnaire involved many drafts and stages. The first draft was drawn up in English, and then reviewed and assessed by the researcher's academic supervisors. Some areas proved problematic and insufficient and some questions needed to be removed and additional ones incorporated.

The researcher also considered and reviewed the previous experiences of other researchers. Later on, modifications were made and a second draft was reviewed and assessed by the researcher's supervisors. The final draft was translated into the Arabic language by linguists, proficient in the English and Arabic languages. This was felt necessary because the majority of the respondents might have been unable to answer, or at least have had difficulty in answering English language questions.

To enhance the validity and reliability of the questionnaire, and as recommended by Casely and Lury (1989) who pointed out that translation into local languages can cause great difficulty, the questionnaire was reviewed by an Egyptian student who was studying at the University of Gloucestershire.

4-3-1-6 The questionnaire pilot study

A pilot study was conducted before the full distribution of questionnaires. In this context, 30 questionnaires were distributed to customers of the two Egyptian Islamic

banks (15 questionnaires to each bank). The main goal was to identify any obstacles which might obstruct the collection of the required data. The feedback obtained from the pilot study highlighted problems relating to different issues. As a result three items were deleted. Having done this, the final number of the questionnaire statements was 28. The following shows the pilot study development of the questionnaire items in addition to the demographic factors of respondents:

Table 8: The pilot study development of the questionnaire items

Q	**First prototype items**	**Feedback**	**Final prototype questions**
1	The employees of this bank are well-dressed	–	The employees of this bank are well-dressed
2	Employees of this bank treat customers equally	Each customer gets a number when he/ she comes in to the bank	Employees of this bank serve customers in the order they arrived
3	Credit is available in this bank	Giving an example of credit	Credit (for example *Qard Hassen*) is available in this bank
4	This bank operates in accordance with Islamic law	–	This bank operates in accordance with Islamic law
5	The interior design is attractive,	The whole environment inside the bank	The interior design is attractive, and this bank has a comfortable waiting area which has air-conditioning and has water.
6	There is a close relationship between the bank's customers and the employees of the bank	–	There is a close relationship between the bank's customers and the employees of the bank
7	This bank provides a wide range of financial services and products, without focusing on a particular type	–	This bank provides a wide range of financial services and products, without focusing on a

			particular type
8	Employees of this bank respond promptly to telephone calls	–	Employees of this bank respond promptly to telephone calls
9	Customers' needs are always at the forefront of the concerns of the employees	–	Customers' needs are always at the forefront of the concerns of the employees
10	Effective Islamic insurance (Takaful) is available in this bank	–	Effective Islamic insurance (Takaful) is available in this bank
11	Employees of this bank deal decisively with the inappropriate behaviour of other customers such as jumping the queue	There is no queue	Deleted
12	Transactions that are provided by this bank are error-free	–	Transactions that are provided by this bank are error-free
13	This bank provides social, and financial support to poor people	–	This bank provides social, and financial support to poor people
14	Employees of this bank provide clear and precise answers to customers' inquiries	–	Employees of this bank provide clear and precise answers to customers' inquiries
15	Employees of this bank listen to my complaints	–	Employees of this bank listen to my complaints
16	At peak time, this bank opens many counters	The problem of the number of contact employees	Deleted
17	Employees of this bank instil confidence and trust in the minds of the customer	–	Employees of this bank instil confidence and trust in the minds of the customer
18	Documents sent by this bank	–	Documents sent by this

	are accurate, have all the necessary information, and are simple to understand		bank are accurate, have all the necessary information, and are simple to understand
19	Contributes to the social and cultural life of the society.	–	Contributes to the social and cultural life of the society.
20	An advisory desk is available in this bank	–	An advisory desk is available in this bank
21	This bank announces its products and services efficiently and effectively through different media	–	This bank announces its products and services efficiently and effectively through different media
22	Employees of this bank speak politely and deal with customers in a friendly manner	–	Employees of this bank speak politely and deal with customers in a friendly manner
23	This bank has an accessible location and spaces for parking	In Egypt it is difficult to find parking	Deleted as not relevant
24	A *Zakat* (alms) fund is available and effective.	–	A *Zakat* (alms) fund is available and effective.
25	The security staff in this bank are always available	–	The security staff in this bank are always available
26	This bank has a sufficient number of contact employees	–	This bank has a sufficient number of contact employees
27	This bank has modern equipment such as ATM machines	–	This bank has modern equipment such as ATM machines
28	This bank has a sufficient number of counters	–	This bank has a sufficient number of counters
29	Employees of this bank are ready to fulfil their promises	–	Employees of this bank are ready to fulfil their

			promises
30	Waiting time to finish the transaction is short	–	Waiting time to finish the transaction is short
31	The employees of this bank represent a practicing Muslim when dealing with their customers	–	The employees of this bank represent a practicing Muslim when dealing with the customers

The demographic questions

1- Customers' gender
2- Customers' marital status
3- Customers' age
4- Customers' educational level
5- Account holding in another non-Islamic bank
6- Number of years dealing with the bank

4-3-1-7 Questionnaire distribution and collection

There are several compelling reasons for sampling, including: lower cost, greater accuracy of result, greater speed of data collection and the possibility of population selection (Cooper and Schindler, 2001).

Essentially there are two basic methods of sampling, probability and non-probability (Parasuraman, 1991; Churchill, 1995; Cooper and Schindler, 2001).

(I). Probability Sampling

With probability sampling, each unit of the defined population has a known and non-zero chance of being included in the sample.

(II). Non-Probability Sampling

Non-probability sampling is the second major sampling method where, unlike probability sampling, individual units in the population do not have a known chance of appearing in the sample. In other words, non-probability sampling methods include any sampling method in which the chance of choosing a particular population element is unknown.

Egyptian Islamic bank customers represent the study's population, whether Egyptian citizens or expatriates, and the study's element is defined as any customer who has bank dealings in the form of owning a bank account, obtaining a financing loan, or conducting money transfers between banks. Therefore, non-probability sample was used in this research.

The Faisal Islamic Bank of Egypt and Al-Baraka Bank Egypt has a large network of branches distributed throughout the country's cities, especially in Cairo and Alexandria. Thus, due to time and cost constraints, only branches located in these two cities were chosen.

To avoid any misunderstanding of the questionnaire's purpose, which could have resulted in vague and biased responses, the questionnaire was handed out to the respondents by the researcher. The questionnaire copies were completed at the Egyptian Islamic banks. Because there was time set aside for employees to pray, this time gave the researcher an opportunity to distribute and collect the questionnaires. The customer was briefed on the goals and purposes of the study to ensure his or her full understanding of the subject being investigated and the meaning of each statement appearing in the questionnaire. In this context, due to the financial resources available, time limitations and the nature of the problem under investigation, 400 questionnaires were distributed to the customers of the Faisal Islamic Bank of Egypt and the Al-Baraka Bank Egypt. 200 questionnaires were handed out to each bank (June- July 2009). A total of 304 were returned, a response rate of 76%. The number of fully completed questionnaires used in the analysis was 282.

4-3-1-8 Validity and reliability of the questionnaire

- **Validity**

Validity is the ability of the measurement tool to assess what it is supposed to measure (Aaker et al., 2001; Oppenheim, 1996). Joppe (2000, cited in Golafshani, 2003) provided the following explanation of what validity is in quantitative research: Validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. In other words, does the research instrument allow a researcher to hit `the bull's eye` of his research objectives?

Researchers generally determine validity by asking a series of questions and will often look for the answers in the research of others.

The validity of social research is contingent on the degree of fitness between a construct that the researcher uses to describe a theory or analysis of the social world and what actually occurs in that world. It is a measure of truth, and aims to make sure that research items are clear and understandable as well as ensuring that conceptual and operational definitions are matched (Newman, 2000).

In this study, several efforts were made to meet and confirm content validity. First, the utilization of a modified CARTER questionnaire tends to reduce some of the issues raised concerning validity. Second, the purpose of the study was identified through an extensive literature review. Third, the questionnaire was pre-tested by supervisors, and doctoral students. Fourth, a pilot study was undertaken to ensure that respondents had no problems in answering questions.

- **Reliability**

Joppe (2000, cited in Golafshani, 2003) defined reliability as:

"The extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable" (p.1). Researchers often use the Alpha coefficient in order to confirm reliability.

Cronbach's alpha summarizes the extent to which a set of items are interrelated with each other (Peter, 1979). Coefficient Alpha ranges between zero (0) and one (1). The higher the Alpha Coefficient is, the more reliable the scale, with 0.7 as the minimum acceptable reliable figure.

In this study, the Alpha Coefficient was used to measure reliability on the Statistical Package of Social Science (SPSS) computer software. In the present study, the questionnaire achieved a Cronbach's Alpha reliability value of 0.870.

4-3-1-9 Questionnaire data analysis

Following the completion of the questionnaire and its collection, the Statistical Package for Social Sciences (SPSS) was used.

First, questionnaire data analysis started with descriptive statistics (frequency and percent) of the study sample. Second, descriptive statistical analysis of the modified CARTER items was conducted to calculate the mean values. The Chi-Square test was also used to identify whether there was significant differences among categories (which employed a 5-point Likert scale). Third, the modified CARTER model was divided into two parts; Islamic and functional variables. Also, in the same context, exploratory factor analysis was conducted in order to discover whether the structure and number of the dimensions of the modified CARTER model were similar to those of the original, modified, and a set of Islamic and functional dimensions, which are explained in sections 5-2-4 and 5-2-5. Fourth, a comparison between the two banks was conducted to identify whether there were similarities between these banks in terms of the level of service quality.

4-3-1-10 The factor analysis

Factor analysis is a statistical approach that can be used to analyse interrelationships among a large number of variables and to explain these variables in terms of their common underlying dimensions (factors). The statistical approach involves finding a way of condensing the information contained in a number of original variables into a smaller set of dimensions (factors) with a minimum loss of information (Hair et al., 1992).

Factor analysis attempts to identify underlying factors, or dimensions, that explain the correlations within the variables (item statements) that have been used, and further, to describe what the factors represent conceptually. The theoretical basis for factor analysis is that variables are correlated because they share one or more common components. That is, correlations among variables are explained by underlying factors.

There are several different types of factor analysis, with the most common being principal component factor analysis, which seeks a linear combination of variables such that the maximum variance is extracted from the variables (Garson, 2005). It then removes this variance and seeks a second linear combination, which explains the maximum proportion of the remaining variance, and so on. In this manner, consecutive factors are extracted. As each consecutive factor is defined to maximise

the variability that is not captured by the preceding factor, consecutive factors are independent of each other. This results in orthogonal (unrelated and uncorrelated) factors.

The second common type of factor analysis is principal factor analysis, also called principal axis factoring or common factor analysis. This is a form of factor analysis that seeks the least number of factors which can account for the common variance (correlation) of a set of variables, whereas the more common principal component analysis in its full form seeks the set of factors which can account for all the common and unique (total) variance in a set of variables (Garson, 2005).

The type of factor analysis used in the present study was principal component factor analysis was performed because the study was designed to ensure that the factors produced would be independent or unrelated to each other, additionally the principal component factor analysis used a Varimax rotation solution.

4-3-2 The interview process

As mentioned in the literature, there is a lack of studies regarding the issue of service quality from an Islamic perspective. So, in this context Strauss and Corbin (1998) point out that qualitative research is the best approach and should be used to clearly understand any phenomenon about which little is yet known. In qualitative research, problems tend to be framed as open-ended questions, which are able to support the discovery of new information. Qualitative research is not numerical and based on computation, but is based more on information expressed in words – descriptions, accounts, opinions, feelings, etc. Frequently, it is not possible to determine precisely what data should be collected as the situation or process is not sufficiently understood (Walliman, 2006).

There are few guidelines to qualitative data analysis, so qualitative researchers are largely forced to devise their own analysis scheme (Taylor and Bogdan, 1984).
In qualitative studies, researchers devote more attention to conceptualization; "to understand people, groups and organizations within the full context or situation in which they act" (Sullivan, 2001, p.451). In fact, in qualitative data analysis,

researchers devote more effort to contextualizing than to abstracting or generalizing. The stages followed in conducting the interviews are presented below.

4-3-2-1 Preparation of the interviews

A list of topics and questions was designed for use in a particular order. The semi-structured interview was selected initially as the main technique for conducting the interviews. The main reason for using such technique was that it is flexible, has a framework of themes to be explored and allows new questions to be brought up during the interview as a result of what the interviewee says.

The issues which were discussed with the frontline employees were in general taken from the literature related to the concept of work in Islam, and in particular the meaning of quality from the Islamic point of view. The semi-structured interview protocol was divided into four sections.

The interview protocol was reviewed by the researcher's supervisors and a number of interviews were conducted with some of the PhD students at the University of Gloucestershire as a pilot study. The following table shows the final draft of the interview questions including the four sections of questions, and the topics that were related to each group of questions.

Table 9: The interview questions

Interview questions	Topics for discussion
1-How long have you been working in this bank? 2-What was your previous job?	The functional history of employees
3- What are the reasons that led you to choose this bank as a place of work? 4- How important was the salary when choosing this bank and why? 5- If you were offered a better job somewhere else, would you leave your current job? 6- Are you proud of choosing this bank as a place of work and why?	Concept of work in Islam. Exploring the motivations that led employees to choose the Islamic bank, and their impact on those employees. Exploring the employees' knowledge regarding the comprehensive goal of the Islamic

7- In your opinion, what do you think the mission of this bank is?	bank
8- What do you understand by the term service quality? 9- In your opinion why is service quality important? 10- Could you please explain the meaning of service quality from the Islamic perspective?	Deeper information regarding the subject of service quality in general, and from the Islamic view in particular.
11- Have you attended any programmers concerning Islamic issues? 12-Would you like to suggest or add anything that is related to service quality in this bank?	Identify the management's contribution to establishing Islamic values. Employees' views.

4-3-2-2 conducting the interviews

In order to establish a rapport with the frontline employees of Egyptian Islamic banks, and reassure them about the interviews, the following points were stressed:

1. The interviewees would be strictly anonymous.
2. It was made clear to the respondents that there were no right or wrong answers to the questions.
3. The interviewees should indicate any questions they were not happy to answer.
4. The interviewees should feel free to discontinue their participation in the interview or halt it at any stage.

For the qualitative data collection by interview, 12 frontline employees in total of Faisal Islamic Bank of Egypt and Al-Baraka Bank Egypt were the respondents selected for this technique (9 men and 3 women). The reason for the small number of women is that women are not employed by the Faisal Islamic Bank of Egypt. These respondents were chosen by the banks' management, and one employee was chosen for each branch visited by the researcher. Six branches of the Faisal Islamic bank and six branches of Al-Baraka were visited.

All interviews were conducted at the employees' workplaces and they determined the time of the interviews. This eased the way for the researcher to combine interviews and observation of the daily work in the banks.

In terms of recording interviews, except for one employee, all the respondents accepted the use of a tape recorder, and note-taking after interviews was also used as a tool for recording the researcher's impressions and reactions to the respondents.

To avoid misinterpretation throughout the interviews, the researcher tried to clarify and extend the meaning of the questions. Opportunity was left open for any type of response.

However, the interview topics were not given to interviewees before the interviews. The type of interviews conducted was face-to-face, which enabled the interviewer to explore a few general topics through discovering the participant's view. These interviews were conducted in Arabic. Interviews were conducted until theoretical saturation had been reached and no further insight was provided by respondents. The interview generally lasted about one hour; however, this depended on the particular interviewee. The researcher was aware that employees' answers might be cautious or influenced by their position in the bank and their attitude towards the researcher.

4-3-2-3 Data analysis

One feature of qualitative data is non-standardisation. Some researchers such as Bauer and Gaskell (2000), and Sandiford and Seymour (2007) argue that there is not any 'best' approach to analysing qualitative data. Similarly, Cassell and Symon (1994, p.24) comment that "there is no single set of rules for the analysis of data from qualitative research interviews".

The qualitative data were analysed through the following steps (Rudestam and Newton, 2001; Saunders et al., 2003; and Braun and Clarke, 2006):

1) All statements of the respondents were reviewed (reading and re-reading the data, noting down initial ideas) in order to become familiar with the data.

2) The relevance of statements was established.

3) The text was rearranged, classified and refined into meaningful categories.

4) Relevant codes were attached to the appropriate categories generated.

5) The interrelated and interactive nature of data was sought.

6) To clarify and present the themes that emerged from the interviews, the first theme concerned the functional history of employees; the second theme was related to the concept of work in Islam; the third theme involved respondents' attitudes towards the concept of service quality in the domain of Islamic banks; the fourth theme was related to employees' suggestions.

It is important to note here that the author was aware of the fact that his interpretations were inevitably linked closely and influenced by his culture and religious background. Therefore, for example, when employees hesitated in their responses or took time to respond, or changed facial expressions, the author could interpret this non-verbal communication in a culturally sympathetic way. The awareness of the author about this influence helped him to classify the respondents' reactions and responses.

4-3-3 Field notes

In addition to the previous two main tools used to collect data, field notes were also used as a supportive method in this research.

The field notes collected by the researcher were useful to the research. These notes were taken during the period while waiting to arrange interviews and waiting to conduct the interviews inside the bank, by observing the daily work of the employees and by distributing and completing the questionnaires with the bank customers.

4-3-4 Banks' websites and publications

As a source of information that reflected the philosophy of the two Egyptian Islamic banks, especially related to the objectives and the mission of these banks, their mission statements explained through their websites and publications were used in this research.

In this context, the following are the websites of the Faisal Islamic bank of Egypt and Al-Baraka Bank Egypt:

http://www.faisalbank.com.eg/FIB/faisal_en/homepage.jsp

http://www.albaraka.com/default.asp?action=article&id=97

4-4 The difficulties faced during research

As the study developed, the researcher faced several problems, the nature and difficulties of which varied. The researcher feels it is worth mentioning them so that they may be avoided in future studies. The difficulties can be divided into theoretical issues and difficulties related to conducting the field study.
With regard to the first issue, there is a lack of literature in the area of the view of Islam in its wider meaning about business activities in general and the issue of service quality in particular. This led to difficulties in building the theoretical foundation of this research. Furthermore, the author would also like to highlight the ever present problems of translation from Arabic to English.

There are many nuances of difference when translating, for example when translating Hadith or phrases from *Sunna*. Difficulties arise, in particular, when translating ideas of feelings or non-verbal communication. As a particular example the word "close" in the statement "there is a close relationship between employees and customers" can be considered. The English word here does not quite convey the whole meaning perceived by the respondents. So, the research needs to be aware of these difficulties.

In the context of difficulties in conducting the field study, the difficulties included conducting the interviews, and gaining approved to distribute the questionnaire. The main problem was access to interviewees and how to make contact with them. Also, within the bank it was difficult to distribute the questionnaires. The researcher had to find the correct person within the bank to give permission to distribute questionnaires. To solve these problems the researcher relied as much as possible on his colleagues and social relationships to obtain access and meet the right people. Whilst people may have been prepared to participate, there might have been cultural reasons that prevented them from participating in this process. This issue was especially true with women who were wearing a veil. So, (in relation to the questionnaire) the researcher depended on other women, especially those who did not wear a veil, to distribute the questionnaire to those who did.

Despite all these problems, which make research in such a context a challenge - even for a native Arabic speaker, who is culturally similar and shares a common religious base -the necessary data was obtained to address the research questions.

4-5 Summary

Based on the background provided in Chapters 1 and 2, and 3, the methodology chapter specified how the researcher went about finding out what was required to fulfil the purpose of the study and deal with the research problems. This chapter presented a discussion of the methodology used in this study, and a justification of the research paradigm, approach, design, and data collection methods chosen.
The next chapter presents the findings of the field study, (interviews and questionnaires).

Chapter Five

Customers' and Employees' perceptions of service quality

5-1 Introduction

This chapter provides an overview of data gathered mainly from the customer questionnaire and the interviews with frontline employees. It aims to investigate the perspectives of customers and to explore the views of frontline employees about the components and dimensions of service quality from an Islamic perspective as suggested in this study. Section two presents the findings of the questionnaires distributed to customers of Egyptian Islamic banks. This includes the descriptive statistics of the study sample, the descriptive statistical analysis of the modified CARTER items, a comparison between the Faisal Islamic bank of Egypt and Al-Baraka Egypt bank, and also a comparison between Islamic-based items of service quality and functional Western-based items, and finally the results of the factor analysis. Section three provides the findings of the interviews conducted with frontline employees of Egyptian Islamic banks. This includes the criteria of the participant's selection, employees' views regarding some principles of work, in particular service quality in Islam, and participants' suggestions about issues related to these concepts.

5-2 The questionnaire process

This section presents the results of the questionnaires that were distributed to the customers of the Egyptian Islamic banks regarding the issue of service quality from an Islamic perspective. These questionnaires consisted of two parts. In the first, customers were asked to give their opinion about 28 items concerning the modified CARTER model on a five point Likert scale, while, in the second part, they were asked about their demographic factors. This section begins with the demographic factors of customers.

5-2-1 Descriptive statistics of the study sample

- **Participants' gender**

Table 10: Customers' gender

Gender	Number	Percent
Male	221	78.4%

Female	61	21.6%
Total	282	100%

What can be seen from the table above is that in a sector like banking, women's involvement as customers was low. Nevertheless, in the Arabic environment, this situation is "normal" and in this context this result is consistent with other Arabic studies such as those of Othman and Owen (2001); Al-Kalde and Wade (2006); Ashour and Wade (2005). Is spite of the fact that in the wider Islamic environment, the percentage of women's involvement in the banking industry has been found to be larger (see for example the study of Lamsali et al, 2005; and Tahir at el, 2008) this study concentrated on an Arabic environment.

- **Participants' marital status**

Table 11: Customers' marital status

Marital status	Number	Percent
Single	109	38.6%
Married	173	61.4%
Total	282	100%

The study sample included 109 single individuals, representing 39% of the total sample, whereas 172 were married, representing 61% of the total sample.

- **Participants' age**

Table 12: Customers' age

Customers' age	Number	Percent
Less than 30 years	74	26.2%
30-39 years	92	32.6%
40-49 years	65	23%

50-59 years	25	8.9%
60 years and over	26	9.3%
Total	282	100%

What can be observed from these figures is that a considerable percentage of customers (58.8%) were less than forty years old, and customers who were 60 years and over represented only 9.2% of the total sample. These statistics may lead to the conclusion that Islamic banks are preferred by young people and not limited in their appeal to people who are old. Thus, with their youthful customer profiles, these banks have the possibility to develop their activities and opportunities to share financial risks and profit in the future. This is in contrast to non-Islamic banks where the bank guarantees a return of interest. In the Islamic banking industry, sharing risk and profits with customers is considered one of the most important components. Therefore, this percentage of young customers gives the Islamic banks the opportunity to share these risks and profits with customers who are predominantly young, and therefore more likely to be willing to accept the Islamic method of finance where risks are shared.

- **Participants' educational level**

Table 13: Customers' educational level

Customers' educational level	Number	Percent
Less than secondary school	23	8.4%
Secondary school	20	7.3%
Diploma	74	22.5%
Bachelor degree	159	56.4%
Master and PhD	6	2.1%
Total	282	100%

In terms of the educational level of the study sample, the results showed that 43 customers had achieved a basic level of education, representing 15.2% of the total sample; while 229 customers had a diploma or higher (80.9%). This group represents certificated learning in the Egyptian context. This breakdown is consistent with the patterns found in other Arabic countries and is evidenced in a number of studies (Rashoud, 2008; Ashour and Wade, 2005). This pattern reflects the nature of the locations in which data were gathered – the two main cities in Egypt - and would not necessarily be replicated in rural areas.

- **Account holding in another non-Islamic bank**

Table 14: Account holding in another non-Islamic bank

Account holding in another non-Islamic bank	Number	Percent
Yes	47	16.7%
No	235	83.3%
Total	282	100%

As can be seen in the following table, although the customer base was recent (i.e. most not having had an account for longer than 5 years), it is also evident from the above table that 83%, a large proportion, did not have any account with another non-Islamic bank. This might suggest that they were loyal and hoped that their Islamic bank would provide the services stated in their mission statements. This was confirmed by the discussion that took place between the author and some of the customers of Egyptian Islamic banks.

- **Number of years dealing with the bank**

Table 15: Number of years dealing with the bank

Number of years dealing with the bank	Number	Percent
Less than one year	43	18.2%
1 to less than 3 years	87	30.9%

3 to less than 5 years	61	21.7%
5- 10 years	77	24.3%
More than 10 years	14	4.9%
Total	282	100%

Since 70.6% of the sample of customers of Egyptian Islamic banks had had an account for only 5 years or less, the author suggests that their customer base was not yet very solid. Since these customers had chosen Islamic banks, it was incumbent on the Islamic banks to pay more attention to customer needs and to Islamic values and services, such as social responsibility. It can be suggested that if banks did not meet the standards stated in their mission statements, the customers would leave and open accounts with non-Islamic banks which have recently opened Islamic windows, and where the services provided are acceptable under Islamic law.

5-2-2 Descriptive statistical analysis of the modified CARTER items

As mentioned in the methodology chapter, the modified CARTER model consists of six dimensions (Compliance, Assurance, Reliability, Tangibility, Empathy, and Responsiveness), and 28 items. Regardless of their order which the questionnaire distributed to respondents, from now on the presentation and discussion of items of the modified CARTER model will be classified under the six dimensions of this model.

- Compliance

Table 16: Customers' views regarding the dimension of compliance

Item	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree	mean
This bank operates in accordance with Islamic law	0	6 2.1%	29 10.4%	208 73.7%	39 13.8%	4.04
The employee of this bank represents	22 7.8%	60 21.3%	73 25.8%	104 36.9%	23 8.2 %	3.16

a practicing Muslim in dealing with customers						
This bank contributes to the distribution of Islamic financial knowledge	2 .7 %	106 36.6%	111 39.6%	62 21.4%	1 .4 %	2.84
A *Zakat* (alms) fund is available and effective.	12 4.3 %	132 46.8%	121 42.9%	16 5.7%	1 .4 %	2.51
Effective Islamic insurance (Takaful) is available in this bank	7 2.5 %	155 55 %	98 34.8 %	22 7.8%	0	2.48
Credit (for example *Qard Hassen*) is available in this bank	28 9.9%	149 52.8%	76 27%	27 9.6%	2 .7 %	2.38
This bank provides social, and financial support to poor people (i.e. youth want to marry)	48 17 %	148 52.5%	70 24.8%	16 5.7%	0	2.19

The compliance dimension consists of items related to Islamic values and principles in the area of financial services. However, these items range from those which are close to the Islamic legal side of financial transactions in terms of applying *Shariah* law, to others which are more concerned with issues such as the social responsibility of Islamic banks.

From the table above the highest mean value was for the statement "this bank operates in accordance with Islamic law", where only one customer mentioned that they disagreed with this statement. However, the lowest mean value was for the

statement "this bank provides social and financial support to poor people (e.g. young people who want to marry)".

What can be said with regard to other items is that customers disagreed about the availability of the *Qard Hassen,* which is considered to be mainly related to the social side of Islamic banks. Most customers gave the answer "disagree" or "neither agree nor disagree" about statements related to the availability of *Zakat* (alms), and Islamic insurance (Takaful), and to the statement that their bank made a contribution to the distribution of Islamic financial knowledge.

With regard to the statement "the employees of this bank represent a practicing Muslim in dealing with customers", 55% of customers gave the responses "neither agree nor disagree" or "disagree" to this statement. In an Islamic environment where Islamic values and principles should be followed, this percentage (55%) should be a matter of concern to management regarding employees' role, especially that of frontline employees in the process of "Islamic service quality delivery/perception. Surprisingly what can be concluded from the previous results is that compared to what was mentioned by the two Egyptian banks when emphasising the message that the distinctive services provided by them were a vital component in being "Islamic" organizations, customers' views were clearly negative in the context of the banks providing a distinctively Islamic service, especially in terms of the social role of an Islamic bank. Al-Baraka bank emphasises the message that "as members of a banking group founded on Islamic principles and values, we at Al-Baraka Group believe that we have a particular obligation to society, through patronage and sponsorship of educational and social projects, to enhance the living conditions and quality of life of needful individuals in the local communities of which we are part" (Al-Baraka Bank, 2008).

This perspective was also stated by the Faisal Islamic bank of Egypt which stresses that "the social services of the bank are considered one of the main bodies of Faisal Islamic Bank of Egypt and are one of its characteristics as being the first Islamic bank in Egypt. The bank's activities are not only restricted to the banking, financial and social fields but also encompass activities that involve another vital area, namely cultural activity".

However, what should also be mentioned from the results in the table above is that there were a considerable number of customers who gave the responses "neither agree nor disagree". This situation creates some problems for the researcher in terms of interpreting these statements. Nevertheless, a mid-point (neither agree nor disagree) was used. In this context, the Chi-Square test was used to identify the extent of the difference between the two groups that lie either side of the mid-point 'strongly disagree; and disagree' (broadly negative) and 'agree; and strongly agree' (broadly positive). This method was also applied to the other dimensions. In the 28 items, the Chi-Square test indicated that there was a significant difference between the two groupings – broadly negative and broadly positive. In terms of the Egyptian Islamic banks meeting their social responsibilities, respondent perceptions were broadly negative.

- Assurance

Table 17: Customers' views regarding the dimension of assurance

Item	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree	mean
The security staff in this bank is always available	0	0	0	65 23%	217 77%	4.77
Employees of this bank serve customers in the order they arrived	0	2 0.7%	3 1%	69 24.2%	208 73.7%	4.73
Transactions that are provided by this bank are error-free	0	2 0.7%	6 2.1%	214 76%	60 21.3	4.18
Employees of this bank instil confidence and trust in the minds of the customer	0	9 3%	25 8.8%	232 82%	16 5.6%	3.97

The table indicates that the majority of customers were broadly positive (agree or strongly agree) about services related to assurance in terms of the security of financial transactions. This means that customers generally trusted the bank to provide error-free transactions in an environment that was secure and safe. Although at first it may appear that the item "employees of this bank instil confidence and trust in the minds of the customer" might pertain to Islamic values, it is the author's understanding that "trust" here relates more to the banks' ability to look after customers' finance.

- **Reliability**

Table 18: Customers' views regarding the dimension of reliability

Item	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree	mean
This bank has a sufficient number of contact employees	1 .4 %	22 7.8 %	15 5.3 %	206 73%	38 13.5%	3.91
Waiting time to finish the transaction is short	7 2.5%	46 16.3%	76 27 %	127 45%	26 9%	3.48
Employees of this bank are ready to fulfil their promises	9 3%	19 6.7%	80 28.3%	171 60.6%	3 1%	3.66
This bank provides a wide range of financial services and products, without focusing on a particular type	8 3%	18 6.3%	112 39.7%	143 50.7%	1 .4 %	3.46

The previous table indicates that, in general, Islamic banks scored highly in the dimension of reliability. However, this seems to have been seen from the functional perspective and concerned the day-to-day activity of the bank more than being an

"Islamic" bank. In this context, Islamic banks scored highly for the availability of frontline employees, which took the highest mean value, and their ability to provide a wide range of financial services and products. Also, customers agreed about the quick completion of transactions and employees' reliability to fulfil their promises. In general, reliability appears to be a quality dimension which received good scores. It is perhaps worth noting the item "this bank has a sufficient number of contact employees", perhaps the most 'quantifiable' of all, received the highest score, whereas the other three items could be seen as requiring a more subjective point of view. This reinforces the idea that Islamic banks are especially good at providing functional services.

- **Tangibility**

Table 19: Customers' views regarding the dimension of tangibility

Item	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree	mean
An advisory desk is available in this bank	0	0	0	57 20%	225 79.8%	4.80
This bank has modern equipment such as ATM machines	10 3.4%	0	0	48 17%	224 77%	4.69
The employees are well dressed	0	1 .4%	2 .7%	125 44%	154 54.6%	4.53
The interior design is attractive, and this bank has a comfortable waiting area	3 1.1 %	14 5 %	6 2.1 %	110 39%	149 52.8%	4.37
Statements are accurate, have all the necessary information needs, and are simple to understand	0	1 .4%	3 1.1%	206 73%	72 25%	4.24

It is clear from the table above that the majority of customers gave a positive response in relation to the services contained within the tangibility dimension. This

result reinforces the suggestion that Islamic banks are good at the functional aspects of their activities. Evidently, these services add considerably to a positive overall score for service quality. However, from an Islamic perspective what is supposed to be available is more than simply high quality tangible services.

- Empathy

Table 20: Customers' views regarding the dimension of empathy

Item	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree	mean
Employees of this bank speak politely with customers	0	1 .4 %	30 10.6 %	238 84%	13 4.6 %	3.93
Employees of this bank listen to my complaints	2 0.7 %	9 3.2 %	94 33.3 %	173 61.3%	4 1.4 %	3.60
There is a close relationship between the bank's customers and the employees of the bank	6 2.1 %	114 40.4 %	109 38.7 %	48 17%	5 1.8 %	2.76
Employees of this bank provide financial advice to their customers	5 1.8%	123 43.6%	115 40.8%	39 13%	0	2.66

What can be suggested from the table above is that the four items that form the empathy dimension appear to be divided into two groups. The first consists of the items "employees of this bank speak politely with customers" and "employees of this bank listen to my complaints", while, the second group consists of the items "there is a close relationship between the bank's customers and the employees of the bank" and "employees of this bank provide financial advice to its customers". Whereas the second group appears to be closer to Islamic values, in which the concept of empathy is wider than that understood in the literature, the higher scores

were actually given to the first group items, which are more closely related to the functional or traditional side of financial transactions. These results again reinforce the idea that Egyptian Islamic banks are better at providing functional or traditional services rather than services founded on Islamic values.

- Responsiveness

Table 21: Customers' views regarding the dimension of responsiveness

item	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree	mean
Employees of this bank provide clear and precise answers to customers' inquiries	7 2.5%	13 4.6%	59 21.5%	195 69%	8 2.8%	3.70
Employees of this bank respond promptly to telephone calls	2 0.7%	6 2%	176 62.4%	83 29.4%	15 5.3%	3.66
Customers' needs are always at the forefront of the concerns of the employees	11 4%	26 9%	71 25%	170 60%	4 1.4%	3.58
This bank announces its products and services efficiently and effectively through different media	9 3%	32 11%	97 34.3%	135 47.8%	9 3%	3.41

What can be concluded from the table above is that in general Egyptian Islamic banks scored highly for responsiveness. The previous idea, which is that these banks are especially good at functional issues, is also evident from this dimension. In this context, customers appeared positive about responsiveness in relation to the banks'

day-to-day work. This was supported by discussion with these customers during the distribution of questionnaires.

However, the reason for the considerable number of customers who gave the responses "neither agree nor disagree" to the statement "employees of this bank respond promptly to telephone calls" might have been because these customers were not familiar with this service. Whilst these results provide an overall assessment of the data generated from both banks, it is worth considering if this represents a trend of what might be occurring throughout the Egyptian Islamic banking industry, or whether customers' views differed between the two banks. The next section aims to provide the answer to this based on the mean values of the items of the modified CARTER model.

5-2-3 Comparison between the two banks

Table 22: Comparison between the two banks in terms of mean values

Items	The Faisal Islamic bank	Al-Baraka Bank Egypt	mean
The employees of this bank are well-dressed	4.51	4.55	4.53
Employees of this bank serve customers in the order they arrived	4.78	4.69	4.73
Credit (for example *Qard Hassen*) is available in this bank	2.32	2.43	2.38
This bank operates in accordance with Islamic law	3.99	4.06	4.04
The interior design is attractive, and this bank has a comfortable waiting area	4.32	4.42	4.37
There is a close relationship between the bank's customers and the employees of the bank	3.68	3.82	2.75
This bank provides a wide range of financial services and products, without focusing on a	3.48	3.43	3.46

particular type			
Employees of this bank respond promptly to telephone calls	3.29	3.42	3.36
Customers' needs are always at the forefront of the concerns of the employees	3.62	3.63	3.58
Effective Islamic insurance (Takaful) is available in this bank	2.44	2.51	2.48
Transactions that are provided by this bank are error-free	4.13	4.21	4.18
This bank provides social, and financial support to poor people (youth want to marry)	2.20	2.18	2.19
Employees of this bank listen to my complaints	3.54	3.63	3.60
Employees of this bank instil confidence and trust in the minds of the customer	4:00	4.02	4.01
Statements sent by this bank are accurate, have all the necessary information 8needs, and are simple to understand	4.23	4.24	4.24
Employees of this bank provide clear and precise answers to customers' inquiries	3.78	3.79	3.79
Employees of this bank are ready to fulfil their promises	3.65	3.67	3.66
This bank announces its products and services efficiently and effectively through different media	2.48	2.45	3.41
Employees of this bank speak politely with customers	3.91	3.94	3.93

A *Zakat* (alms) fund is available and effective.	2.48	2.53	2.51
The security staff in this bank is always available	4.75	4.77	4.77
This bank has a sufficient number of contact employees	3.89	3.93	3.91
This bank has modern equipment such as ATM machines	4.59	4.77	4.69
An advisory desk is available in this bank	4.82	4.77	4.80
Waiting time to finish the transaction is short	3.51	3.44	3.48
Employees of this bank provide financial advice to their customers	2.58	2.73	2.66
This bank contributes to distribute the Islamic financial knowledge	2.79	3.87	2.84
The employees of this bank represents a practicing Muslim when dealing with their customer	3.19	3.13	3.16
Overall	3.44	3.38	3.41

What can be concluded from the table above is that based on the mean values, there were no significant differences between customers' views of the Faisal Islamic bank and Al-Baraka Bank Egypt towards the items of the modified CARTER model. This result is also confirmed by the use of the two-sample Kolmogorov Smirnov test (KS2 test). This result means that the previous discussion about the six dimensions and items of the modified CARTER model can be applied to the two banks individually, and the results mentioned previously reflect a general trend in this research, and possibly in terms of the Islamic banking sector in Egypt. Therefore, from now on, the term customers' view means the views of the customers of both banks and there is no need to distinguish between these views.

Based on the findings of descriptive statistical analysis of the modified CARTER items where participants' views seem to be classified into two categories (Islamic

and 'functional') and also according to the previous fact regarding the comparison between the views of the two banks, the following section aims to split the modified CARTER model into services that are in essence rooted in Islamic values and others rooted in Western values.

5-2-4 Services rooted in Islamic values

Table 23: Customers' views about services rooted in Islamic values

Items	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree	mean
Credit, for example *Qard Hassen* (interest free loans) is available in this bank	28	149	76	27	2	2.38
This bank operates in accordance with Islamic law	0	6	29	208	39	4.04
There is a close relationship between the bank's customers and the employees of the bank	6	114	109	48	5	2.75
Effective Islamic insurance (*Takaful*) is available in this bank	7	155	98	22	0	2.48
This bank provides social, and financial support to the needed people (youth who want to marry)	48	148	70	16	0	2.19

A *Zakat* (alms) fund is available and effective.	12	132	121	16	1	2.51
Employees of this bank provide financial advice to its customers	5	123	115	39	0	2.66
This bank contributes to distribution of Islamic financial knowledge	2	106	111	62	1	2.84
The employees of this bank represents a practicing Muslim when dealing with their customer	22	60	73	104	23	3.16
Overall	130 5.1%	988 38.9%	802 31.6%	547 21.6 %	71 2.6%	2.78

The table above aims to identify customers' perspectives about specific services that in essence are rooted in Islamic values and principles. Given the fact that Islamic banks confirm through their mission statements their "Islamic values", the previous result, where the mean value is 2.78 and where 75.6% of customers gave the responses "neither agree nor disagree" or "disagree" about these services, this result is surprising and suggests that the policies of Egyptian Islamic banks need to be reviewed. Moreover, since Islamic banks must operate according to Islamic law, this means that following Islamic law is not an optional matter. Based on this, it is interesting to note what would happen to customers' views if the statement "this bank operates in accordance with Islamic law" were deleted? In other words, although Islamic, social, and cultural items represent one of the most important pillars of the Islamic banking industry, Islamic banks are not obliged to provide such

services. So, the next table identifies the descriptive statistical analysis of the perceptions of respondents with regard to the dimension of compliance devoid of the statement "this bank operates in accordance with Islamic law", expressed as aggregated percentages.

Overall	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree	mean
	5.7%	44%	34%	15%	1.4%	2.73

It is clear from the table above that the new result is worse than the previous result. According to the table above, the mean value is reduced to 2.73, and the percentage of customers who gave the answer "neither agree nor disagree" or "disagree" increased to 83.7%., while the percentage of customers who gave the responses "agreed" and "strongly agreed" about these services represented only 16.4% of the total sample.

The previous two tables help to understand customers' views about the Islamic-based services, which are supposed to be one of the most important pillars of an organization that advertises itself as being distinctive by providing "Islamic values" services. However, the following table represents the functional services, which are important for Islamic banks, but from an Islamic perspective cannot be considered as the distinctive feature of Islamic banking industry. Moreover, these services are not significantly mentioned in the mission statements of Islamic banks.

5-2-5 Services rooted in Western values

Table 24: Customers' views about services rooted in Western values

Items	**strongly disagree**	**disagree**	**neither agree nor disagree**	**agree**	**strongly agree**	**mean**
The employees of this bank are well-dressed	0	1	2	125	154	4.53
Employees of this bank serve customers in the	0	0	3	69	210	4.73

order they arrived						
The interior design is attractive, and this bank has a comfortable waiting area	3	14	6	110	149	4.37
This bank provides a wide range of financial services and products, without focusing on a particular type	2	11	125	143	1	3.46
Employees of this bank respond promptly to telephone calls	2	6	176	83	15	3.36
Customers' needs are always at the forefront of the concerns of the employees	0	15	78	185	4	3.58
Transactions that are provided by this bank are error-free	0	2	6	214	60	4.18
Employees of this bank listen to my complaints	2	9	94	173	4	3.60
Employees of this bank instil confidence and trust in the minds of the customer	0	0	13	251	18	4.01
Statements sent by this bank are accurate, have all the necessary information needs, and are simple to understand	0	1	3	206	72	4.24

Employees of this bank provide clear and precise answers to customers' inquiries	0	3	59	213	7	3.79
Employees of this bank are ready to fulfil their promises	0	5	88	186	3	3.66
This bank announces its products and services efficiently and effectively through different media	19	131	112	20	0	3.41
Employees of this bank speak politely with customers	0	1	30	238	13	3.93
The security staff in this bank is always available	0	0	0	65	217	4.77
This bank has a sufficient number of contact employees	1	22	15	206	38	3.91
This bank has modern equipment such as ATM machines	10	0	0	48	224	4.69
An advisory desk is available in this bank	0	0	0	57	225	4.80
Waiting time to finish the transaction is short	3	46	76	127	30	3.48
Overall	42	267	886	2719	1444	4.03

	0.5%	5%	16.5%	51%	27%	

From the above table it is clear that in contrast to the previous result, the mean value here is 4.03 and the percentage of customers who gave the responses "agree" or "strongly agree" in terms of support for the functional services represented 78% of the total sample, while the percentage who gave the responses "disagree" or "strongly disagree" represented only 5.5% of the total sample. Although this result was positive for Islamic banks in terms of their day-to-day work, compared to customers' perspectives regarding the Islamic-based items, questions might be raised about the existence of Islamic values from a practical perspective.

The previous perspectives of customers concerning the functional services result in an overall mean value of the modified CARTER model, which of 3.41 which can be seen as 'good', however, in essence this score came from the high values given to the functional services.

What can be concluded in general is that compared to what is mentioned in the mission statements of Islamic banks, such as the statement by the Al-Baraka Bank Egypt that "the third guiding principle concerns moral and social values. The Quran calls on all its adherents to care for and support the poor and destitute. Islamic financial institutions are expected to provide special services to those in need. This is not confined to mere charitable donations but has also been institutionalised in the industry", from a practical point of view the absence of evidence of Islamic values and principles, especially those related to the social responsibility of Islamic banks in the area of service quality became more evident (Al Baraka Banking Group, 2008).

The previous findings represent customers' views regarding the modified CARTER model items and the dimensions as presented in the literature. However, the question remains how do customers see the precise factors of the service quality?
The following section aims to provide the answer to this question.

5-2-6 Factor analysis

As mentioned in the methodology chapter, factor analysis was used in the current study. In this context, the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO

statistic) and Bartlett's test of sphericity (Bartlett statistic) were used to confirm the data's reliability for factor analysis.

All necessary procedures that are required prior to factor analysis were conducted. The Kaiser-Meyer-Olkin (KMO) measure for Islamic banking objectives items combined showed a value of 0.882, confirming the appropriateness of the data for exploratory factor analysis (EFA).

Bartlett's test of sphericity reached statistical significance (0.000), supporting the factorability of the correlation matrix. Based on these results, factor principal component analysis (PCA) with varimax rotation with Kaiser normalization was used.

Table 25: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.882
Bartlett's Test of Sphericity	Approx. Chi-Square	2416.338
	df	378
	Sig.	.000

Exploratory factor analysis was used to determine the different dimensions of service quality as perceived by bank customers. The factor loadings retained were those with eignevalues greater than 1. As suggested by Jabnoun and Al-Tamimi (2003), 0.4 was used as a factor loading cut-off point, and factors including less than three items were eliminated. Based on these points, the factor analysis was conducted twice. In the first stage one item was deleted because the loading cut-off point was less than 0.4, and also three dimensions were deleted because they consisted of only two items. In the second analysis, the overall pattern of rotated factor loadings suggested a five-dimensional solution totalling 21 items, accounting for 63.719% of variance extracted. The factors were labelled as:

Table 26: The result of factor analysis

Dimensions	% Of variance	Factor loading
Factor 1: Customer praxis	30.269	
1- Employees of this bank listen to my complaints		.637
2- Employees of this bank provide clear and precise answers to customers' inquiries		.793
3- Employees of this bank are ready to fulfil their promises		.713
4- Employees of this bank speak politely with customers		.551
5- Customers' needs are always at the forefront of the concerns of the employees		.701
6- The employee of this bank represent a practicing Muslim in dealing with customers		.536
Factor 2: Reliability	12.528	
1- This bank operates in accordance with Islamic law		.653
2- Credit (for example *Qard Hassen*) is available in this bank		.659
3- Effective Islamic insurance (*Takaful*) is available in this bank		.529
4- There is a close relationship between the bank's customers and the employees of the bank		.450
5- This bank provides a wide range of financial services and products, without focusing on a particular type		.717
Factor 3: Islamic banks' message	10.894	

1- A *Zakat* (alms) fund is available and effective. 2- Employees of this bank provide financial advice to its customers 3- This bank contributes to distribute the Islamic financial knowledge 4- This bank provides social, and financial support to poor people (youth want to marry)		.809 .485 .460 .489
Factor 4: Responsiveness 1- This bank announces its products and services efficiently and effectively through different media 2- Waiting time to finish the transaction is short 3- Employees of this bank respond promptly to telephone calls	5.366	.503 .629 .615
Factor 5: Tangibility 1- The interior design is attractive, and this bank has a comfortable waiting area 2- This bank has a sufficient number of contact employees 3- This bank has modern equipment such as ATM machine	4.366	.740 .693 .769

What is clearly concluded from the previous result is that there is no clear "Islamic" dimension. Items that form the dimension of compliance with *Shariah* were actually spread throughout the other dimensions. This result is consistent with the view that Islamic banking values which have their roots in the Quran and *Suuna* are holistic and cannot be represented in a single dimension, or concentrated in one issue. Also, from the customer' view, "customer praxis" was the most important issue. Therefore, customers' perceive that the employees of Egyptian Islamic banks, especially

frontline employees, should embody "Islamic values" in their dealing with customers. This means that their role in "Islamic service quality enactment and its perception" is vital.

5-3 The interview process

This section presents the results of the interviews that were conducted with 12 front-line employees of Egyptian Islamic banks in relation to the components of service quality suggested in this research – in particular their attitude towards key principles of work and the concept of service quality.

As mentioned in the methodology chapter, the 12 interview questions were divided into four groups. The first group gives a description of the interviewees; the second considers principles of work from an Islamic perspective; the third is concerned with service quality from an Islamic perspective and the fourth group relates to participants' suggestions.

5-3-1 The description of the interviewees

The first two questions, which represent group one, aim to identify the demographic and historic factors of the respondents, and to encourage them to answer the rest of the questions. These questions are considered introductory; the answers are simple and do not require much thought, so the respondent feels relaxed, and ready for the first stage; otherwise, it is difficult to start directly with the third question. The following questions form the first group:

1- How long have you been working in this bank?
2- What was your previous job?

Table 27: Answers given to the first two questions

Employee	gender	Place of work	Previous job	How long
E1	F	Al-Baraka Bank Egypt	First job	2 years
E2	M	Faisal Islamic bank.	First job	3 months
E3	M	Faisal Islamic bank.	Medical company	10 years
E4	M	Al-Baraka Bank Egypt	Private company	2 years
E5	M	Al-Baraka Bank Egypt	Infrastructure	20 years

			company	
E6	M	Faisal Islamic bank.	Hotel	2 years
E7	F	Al-Baraka Bank Egypt	First place	6 months
E8	F	Al-Baraka Bank Egypt	Commercial bank	2 years
E9	M	Faisal Islamic bank.	IT company	1 year
E10	M	Faisal Islamic bank.	First job	2 years
E11	M	Al-Baraka Bank Egypt	First job	2 years
E12	M	Faisal Islamic bank.	First job	1 and half year

As mentioned earlier, the general aim of the previous two questions was to encourage respondents to answer the next questions, which are considered as the "real or serious" questions, however, some points can be summarised regarding the demographic and historical factors of these employees:

- Most interviewees were men; principally because women were not allowed to work at the Faisal Islamic bank. This is actually not acceptable from an Islamic law perspective.
- Most of the employees had been working in these banks for less than two years.
- The majority of employees had not worked in the banking industry prior to joining their current employers.

5-3-2 Key principles of work: employees' views

As mentioned earlier, a Muslim's view of the values and principles of work seems to be different from what is common among other approaches. Consideration of these principles led the researcher to the following questions:

3- What are the reasons that led you to choose this bank as a place of work?
4- How important was the salary when choosing this bank and why?
5- If you were offered a better job somewhere else, would you leave your current job?
6- Are you proud of choosing this bank as a place of work and why?
7- In your opinion, what do you think the mission of this bank is?

Starting with question three, the reason for this question was to identify motivation to choose an Islamic bank as a place of work. A Muslim, from the outset has to be careful in their choice of job, because from the Islamic point of view there are some activities that are prohibited. Also, instead of focusing on individual benefits, other factors, such as benefits of society have to be taken into account whilst determining this decision. Thus, this decision should depend on many factors that can be religious, social, or individual.

Five employees stated an Islamic motivation, which relates to the fact that their bank was working on the basis of Islamic law, and this was the most important reason for choosing this employer. Those employees linked their decision to Islamic reasons particularly that an Islamic bank does not deal with interest. In other words, whereas the concept of the Islamic banks is more than just not dealing with interest, most respondents perceived that a job in an Islamic bank meant a job that did not deal with interest.

Four employees said that they chose this job due to their educational specialism. In more detail, four employees were students at business school where they studied accounting as a main subject. As a result their decision to work at the bank was appropriate for their area of study. Thus they did not see that the answer to this question would be seen from a religious perspective. They worked in a place where they could practice their theoretical study, no more.

Three employees said that they chose the Islamic banks because they were actually looking for a job, no matter what the job was. Working in this bank was a source of livelihood. Thus, they clearly did not consider any other reason beyond their need for employment.

The previous three reasons can be considered as the most common answers among the respondents. However, there were others issues mentioned by the twelve respondents, who gave more mundane, logistical and personal reasons for choosing their bank. These included the fact that the bank was near to their house, or that work in a bank required less physical effort. In this context, employee (E8) said "the main reason for choosing this bank is that my previous job was out-doors and too tiring, thus, I came here and work in-doors and with less effort".

What can be seen from the previous analysis is that the predominant factors behind the choice of an Islamic bank as a place of work were: an Islamic motivation or because this bank was working based on Islamic law, the subject studied at business school and the need to find a job. Further to these primary reasons, wishing to work in a bank in general, working in a bank as a source of livelihood, and psychological comfort were considered as secondary reasons.

After identifying the reasons that led the employee to choose their bank as a place of work, question four concerned the significance of the salary to the employee when choosing their Islamic bank.

Islam sanctifies the worker's right to pay. Salary is mentioned in the Quran in 150 places (Ali, 2000). It is an obligation, which has to be fully paid to the worker as a result of his/her work; also, the Prophet Mohamed said "whoever hires a worker, he has to name the amount of money that has to be paid to the worker" (Al-Qaradawi, 1995). Also, in Islam the reward includes this life and the hereafter. Thus, the Muslim practice has to take into account the distinctive features of the Islamic reward system. In this context, how did employees of the Islamic bank see this matter with regard to their choice of an Islamic bank as a place of work? The following are the responses that were given by employees. In general, answers were divided into three groups.

In the first group, two people said they did not place any value on the salary when they chose the Islamic bank, to the degree that they did not know the salary when they accepted the job; in this context, employee (E2) said "When I applied for a job in this bank, I did not know the value of the salary, and I only knew it after receiving the acceptance papers from the bank".

The second group, also of two employees, said that they did not give a significant value to the salary when they chose the Islamic bank. This could mean that they had taken this point into account implicitly, but they did not want to discuss it with the bank because they did not see their salary as an important issue.

The third group, which includes most of the employees (8), said that salary was among other factors that were taken into account, but was not the sole or most

important factor. In general, despite the differences between the answers among employees of Egyptian Islamic banks about the importance of the salary when choosing this bank, it can be stated that salary was not an important factor from the employees' point of view.

The fifth question was about the employee sacrificing personal benefits in order to achieve a greater goal, which was pleasing Allah through his/ her work. So, employees were asked the following question:

If you were offered a better job somewhere else, would you leave your current job?

The previous question explored an important issue to a Muslim, that is, pleasing Allah. This can be done in many ways; one of them is by sacrifice. However, there is a point that has to be explained regarding the phrase "a better job somewhere else". In this context, somewhere else was understood by both the employees and the researcher to mean other employees who did not operate under Islamic law.

The answers to the previous question can also be divided into three views: willing to leave, uncertain and struggling to answer, and preferring to stay in this bank. These answers are explained in more detail as follows:

The first group represents half the respondents (six employees). The reasons behind their willingness to leave were varied, but what was very clear was that salary was one of the most important reasons.

The second group includes four employees and their answers were unclear. In fact they hesitated and spent a great deal of time giving the answer; common responses among this group of employees represented by employee (E10) "I cannot absolutely decide", or employee (E6): "I hope to stay because the bank has developed and I am keeping my fingers crossed". This could mean that although they clearly wanted to stay in the Islamic bank, their decision was largely dependent on the future circumstances of the banks, in terms of the financial position of the bank. So, they liked to work in an Islamic bank as long as its financial status was good, otherwise they would leave the bank.

The third group included two people, who in contrast to the first group of the respondents here said "no" to leaving, whatever the reasons and motivations. One of the most important reasons given for this answer was the *Halal* income (permitted from Islamic law, especially in terms of the issue of interest). For these employees the issue of income was not related to the size of their salary, but to the source of this income. In this context these employees mentioned the verse "Allah will deprive usury of all blessing, but will give increase for deeds of charity" (Quran, 2:276). What seems to be clear from these answers is that most of the employees would leave the Islamic banks to work in other places if they had the motivation for this or if they were offered a better job somewhere else, even if that organization dealt with interest.

The three previous questions lead to the following question:
Are you proud of choosing this bank as a place of work and why?

In Islam, work has additional dimensions from what is common in other economic systems. In addition to their religion being closely linked to their everyday life, an Islamic worker's view of their job is also different. For example, in relation to the previous question, job satisfaction does not derive only from financial benefits or position, but comes also from an internal feeling that by working in a place other goals can be achieved, which are more important than financial gain. One of these goals is that by working in this place, and by doing a job to a high standard, they will please Allah, which in turn instils a feeling of pride because they follow Allah's instruction. Therefore, if the respondents were proud of choosing an Islamic bank, an important part stems from choosing Islamic banks to please Allah and in achieving a balance between this world and the hereafter in terms of their rights and responsibilities. This results in ignoring a better job somewhere else in order to please Allah, because working at an alternative job would be unacceptable under Islamic law. Satisfaction with these values makes the believer feel that they love and are proud of choosing the Islamic bank as a place of work.

The previous question was designed to explore the views outlined above. The following were the workers' opinions concerning this issue:

In contrast to the previous questions where answers could be classified to different groups or numbers, with this question this was more difficult. Even though there was almost agreement among the respondents concerning the first part of this question, the answers were widely different for the second part.

Regarding the first part of this question, the majority of these employees answered positively, the exception was just one employee who said "I do not feel that I am proud to work here, I came to this bank for a source of income or to get money".

The eleven other employees' answers for the second part, which was why these employees felt proud of choosing an Islamic bank, were clearly different.

For example, employee (E7) said "the reason why I feel proud is because this bank takes the name of two countries that I love very much". Two other employees linked this pride to Islamic reasons such as the fact that their salary was free from interest, and working in this bank was a source of pride in itself. The previous two workers linked this pride to "an obvious reason" that salary was free from interest, and also due to an "obscure or unseen reason" that was wider than the former, which saw working in an Islamic bank as more than just not dealing with interest. In this case people's pride came from working in a place where Islamic rules were applied, and where a person felt they were close to Allah, following his orders. So, work and worship were applied at the same place and time.

However, despite the clear differences between these answers, what can be noted is that most of these answers linked this pride to what can be called "predictable material reasons", which should not be considered the sole reasons to make these employees feel proud to work in the Islamic banks. From the Islamic point of view, pride also stems from other important sources that are more comprehensive than the reasons provided by most of these employees.

The seventh question or the final question of this stage of the interview process was about the mission of the Islamic banks. This question sought to explore employees' perceptions about whether Islamic banks had a distinctive mission compared to other banks.

In general, what do you think the mission of this bank is?

The answers were divided into three groups as follows:

The first group, consisting of three employees, did not have a clear answer for this question; they hesitated and were not sure about their responses.

In contrast to the previous group, employees of the second group gave a clear and immediate answer to this question. Although there were slight differences among the employees' answers, in general they came under the same umbrella or category that might be called "the traditional mission of the bank". Sentences or statements such as "the mission of the Islamic bank is to take care of depositors' money, to get a profit for the depositors, to compete in the financial market, and to provide services of high quality" were common among the employees, although the relative importance of these factors was different among respondents. This group was the largest among others in terms of the number of employees (7).

The third group was the smallest in terms of employee numbers, consisting of just two employees. Although their answers stemmed from what can be called "an Islamic perspective", they were still vague to some extent. For example, employee (E4) said "the mission of the Islamic bank is to practice business in a way that is acceptable to Islam".

What is obvious from the previous findings is that some employees were unaware of a separate mission for Islamic banks, while others who were aware of its existence did not see it as different to the approaches of other banks. In other words, from these employees' point of view, the Islamic banks they worked for had come to deal with customers in a normal way that seeks to achieve benefits to all parties and a competitive position in the financial market.

5-3-3- Employees' attitudes regarding service quality

The previous sets of questions were in general related to the principles of work in Islam, especially from the perspective of employees of Egyptian Islamic banks. These principles form a significant pillar of the Muslim worker's intention to please Allah, and at the same time achieve worldly aims. The next paragraphs discuss issues that are closer to the subject of this research, which is "service quality in the context of Islamic banks".

As mentioned in the literature in the current study, from an Islamic point of view service quality includes dimensions in addition to those normally considered, and thus, it is distinctive from that which is commonly depicted in the literature.

However, the three questions that form stage three of the interviews were in general related to the view of frontline employees of Egyptian Islamic banks concerning the term service quality, its importance, and its meaning from an Islamic perspective. As mentioned before, in the Islamic religion, quality has an additional meaning from that which is common in the literature. At this stage of the process, questions addressed the general aim of these interviews, which was to explore the meaning of service quality among the employees of Egyptian Islamic banks. From an Islamic perspective, and in relation to the subject of service quality, the ideals of a practicing Muslim will be reflected in their behaviour when performing a job.

Thus, a Muslim also has to see service quality as a religious duty. Quality cannot be considered only as a matter of customer satisfaction, responsibility toward management, or making profit. It is more significant than this; it is an approach to life which provides benefits for all parties. Essentially, the Islamic approach is distinguished from other approaches in that quality is a duty that has priority over all other consideration when doing business.

At this stage, respondents were asked about the subject of service quality, and how it could be seen from an Islamic perspective. Questions eight, nine, and ten form the questions of this stage, which are:

8- What do you understand by the term service quality?
9- In your opinion why is service quality important?
10- Could you please explain the meaning of service quality from the Islamic perspective?

In question eight the respondents were asked about the meaning of service quality from their point of view. It has to be mentioned that the aim of this question was not in relation to service quality itself as a theoretical concept, rather to explore whether these employees harboured a personal understanding of this term and to seek to clarify their idea of service quality. In contrast to all the previous answers, where it

was possible for the employees' answers to be divided into different categories, in this question there was almost general agreement among the employees. This might be because the employees shared a common view that service quality should be seen from a particular perspective.

However, this agreement did not mean that all the employees gave the same answer, but that there was agreement about the general concept of the term "service quality" that was also dominant in the literature. Therefore, the respondents' answers coincided with this general concept of service quality. In other words, employees' views were close to the definitions of service quality by authors who are interested in this area, especially Western authors. In this context, the following table shows extracts from these answers:

Employee (E1)	"To provide service in the best way and in a short time"
Employee (E10)	"Providing service that satisfies the customer"
Employee (E12)	"To respond to the customers' needs quickly"

The rest of the answers were similar to these in focusing on meeting the customers' needs, which in turn leads to the success of the bank in achieving its financial aims. What might be considered from the previous answers is that these employees shared a concept of service quality which was similar to definitions commonly found in the literature and did not see another meaning to the concept of service quality from what is dominant in the literature, and in the banking industry as a whole.

As mentioned before, the aim of this question was not about exploring or determining to what extent those employees were aware of the concept of service quality, but to explore whether those employees had a different view of the term service quality from that which is common in the literature.

To explore more about the subject of service quality from an Islamic perspective, the respondents were asked again about service quality, but the focus here was its importance in very general terms. The answers were slightly different among the employees, but in common with the previous question, these answers followed the general context of the importance of service quality presented in the dominant

Western literature. Common issues in the literature such as achieving a high profit, attracting new customers, and achieving a competitive advantage in the financial market, were dominant among the responses given by employees of the Egyptian Islamic banks. The following table shows extracts from these answers to the question:

In your opinion why is service quality important?

Employee (E5)	"The reputation of the bank, getting a high profit, and getting competitive advantages in the financial market"
Employee (E7)	"To satisfy the customer, and getting a competitive advantages in the financial market"
Employee (E10)	"To attract new customers, and to maintain our existing customers"

The other views were very similar to these answers. The focus of the employees of Egyptian Islamic banks was on concepts that were fundamentally related to the financial market or "secular thinking". Other issues such as linking the subject of service quality and its importance to religious factors, or to other goals that Islamic banks seek to achieve, seemed to be perhaps ignored or neglected and were not acknowledged in the responses of the employees.

What should also be mentioned is that the aim of the previous question did not relate to knowledge in itself about the importance of service quality, which can be identified from the literature, but to see if these employees had another opinion about the importance of service quality that was different from the literature. In the next question, the interviews reached the stage where the respondents were asked directly about the subject of service quality from the Islamic point of view.

As mentioned before, in Islam, quality has its own distinctive meaning. This does not mean that it has another approach completely, but that quality includes other dimensions, such as religious and social dimensions. In this context, and in the area of financial transaction, the question raised here was about exploring the view of the employees of Egyptian Islamic banks regarding the concept of service quality. The question was:

Could you please explain the meaning of service quality from the Islamic perspective?

First of all, there is a clear point which emerged from the employees' answers to this question, which was that the majority said that "quality has Islamic roots", and the concept of quality is an important concept in Islam. However, their answers expressed different views in explaining the previous point. The following are some examples:

Three employees explained some verses from the Quran which relate indirectly to the concept of quality, in which Allah says "He who created death and life, that He may try which of you is best in deed" (76, 2). So, through a deep understanding of these verses, the concept of quality is identified.

Another employee linked the concept of quality to the idea that each customer ought to be treated equally. In this context, employee (E11) said that "quality in Islam means to handle and deal correctly with customers whatever the latter's class, religion, or race".

In relation to the sayings of the Prophet, employee (E4) linked some issues that were vital to providing high service quality to Islamic principles rather than to managerial principles; he said "smiling in front of customers is an important matter in order to provide service with high quality; smiling was required by the Prophet when he said "smiling in front of your brother is charity" (Al-Qaradawi, 1995). So, this employee saw the source of smiling here as following the Prophet's *Hadith* (saying), in addition to achieving customer's satisfaction. In more detail, following the Prophet's sayings will lead to pleasing Allah in the first stage, and at the same time pleasing the customer. As a result, this person saw charity, which also brings a person close to Allah, is not achieved only by money, or worship in the Mosque, but also in the place of work, by dealing well and in a friendly manner with customers. This behaviour in itself will hopefully lead to satisfied customers, and attract new ones.

To confirm the roots of quality in Islam, employee (E12) mentioned the Prophet's life, because the *Sunna* is not just related to the Prophet's sayings, but also to his life. This employee mentioned some characteristics of the Prophet Mohamed, such as

honesty and sincerity, and linked them to any person who deals with customers. This employee mentioned that by these characteristics the Prophet acquired a good reputation, which made traders trust their deposits with him. The employee (E12) also added that to follow the *Sunna* through following the Prophet's life, a Muslim has to have these qualities of being honest, and sincere with customers, which in turn leads to good relationships with the bank's customers.

5-3-4 Employees' suggestions

At the end of interviews, two further questions were asked of the frontline employees of Egyptian Islamic banks, which were mainly related to issues that could enhance the matter of quality in Islam, and improve the service quality of the Islamic bank. These two questions were:

11- Have you attended any programmes concerning Islamic issues?

12-Would you like to suggest or add anything that is related to Islamic banking industry in general and service quality in particular?

Unlike the majority of banks, which are free from religious responsibilities, Islamic banks depend on Islamic values and principles, which play a vital role in the management of these banks. Among the distinctive features of the Islamic banking industry is the role of the *Shariah* Supervisory Board. In addition to its role concerning the legality of financial transactions under Islamic law, this Board has a wider responsibility towards a bank's employees, customers and society in general. In this context, and as an example, the *Sharia* Supervisory Board has responsibility to help in the distribution of Islamic financial knowledge.

With regard to the employees of Islamic banks, they should not only be educated about financial issues, but their training should be extended to include further issues, especially those related to Islamic values and principles in the area of work.

The answer to the previous question about the attendance of any courses concerning Islamic issues was unanimous and unexpected, that not one of these employees had attended or received any courses or lectures related to Islamic issues. However, this situation does not necessarily mean that they had not or would not have read and understood these issues on their own. In a similar area, some of these employees mentioned that they had had some lectures concerning IT programmes, and

accounting matters. However, as mentioned before, the nature of Islamic banks requires employees to be aware of other issues apart from financial, accounting, and IT issues.

In summary, although these banks had in their managerial structure many Islamic scholars who were interested in Islamic financial matters, these banks directed their attention to issues like interest, the distribution of profits, contracts, and other financial matters. In other words, these banks had given much attention to issues that were particular in their nature, based on a narrow understanding of the responsibilities of Islamic banks, and the training of employees about Islamic values was absent.

At the end of this interview, respondents were asked to suggest issues that were related to the subject of quality in Islamic banks. In this context, employees wanted every success for the Islamic banks, and to achieve their objectives, which included the financial, social, and development objectives. However, in general, these employees suggested some points which can be seen as helpful to Islamic banks. The first point was related to the financial and accounting issues, and the second point was related to the objectives of the Islamic bank.

In terms of the first point, the respondents reviewed some problems that were related to issues of accounting practice, because there was no clear answer to these issues from the Islamic point of view, also they looked forward to providing alternative services that were permitted according to Islamic law. In regards to the issue of the objectives of the Islamic bank, employees felt that Islamic banks had the opportunity to achieve a competitive position in the marketplace, and they stated that it was not enough only to avoid dealing with issues such as interest (*Riba*); instead they mentioned that it was also important to deal with matters other than just interest.

Chapter Six

Reconceptualising service quality from an Islamic perspective

6-1 Introduction

As mentioned in the literature, the Islamic bank industry has developed in response to customers' wish to deal with organizations that work according to Islamic values and principles. The Islamic bank industry has developed in response to customers' desire to deal with organizations that have their own distinctive features. In this context, applying *Shariah* law is an important issue, however, this cannot be considered as the single most distinctive feature of Islamic banks.

In an area such as the service quality of Islamic banks, the process of creating service should reflect the distinctive, wider and codified perspective of Islam. This should be understood by management and employees, especially frontline employees of these banks. With regard to the management of the Islamic banks, in addition to providing traditional service and applying Islamic law, other issues such as those related to the social responsibility of Islamic banks and the banks' role in the distribution of Islamic financial knowledge have to be seen in action. Moreover, in addition to having the traditional skills, frontline employees of Islamic banks have to embody other skills related to the Islamic perspective that make them distinctive from others who work in a non-Islamic environment.

This discussion reflects the components of service quality suggested in this research. To discuss these and other issues related to the subject of service quality, section two starts with the views of frontline employees of Egyptian Islamic banks with regard to the suggested components, especially their attitude as employees towards key principles of work and more significantly the concept of service quality. In the same context, section three discusses the view of customers of Egyptian Islamic banks as a critical element in evaluating the components of service quality, which are related to the responsibility of the management of the Islamic banks and its employees, especially frontline employees. The discussion starts with a consideration of the attitude of employees towards service quality. It then moves to consider the wider perspective of organizations - of which the employee is a part. In this respect, the discussion touches on both the connection between the organization and its customers (in part through employees), but also to the wider communities, and society, that the organization serves.

6-2 The interview process

6-2-1 A description of Interviewees

Before discussing the views of employees, two important points related to these employees have to be discussed.

The first point concerns the issue of women working in Islam. In general, according to Islamic law, a woman is allowed to work, and has a duty to work, and to do so in an appropriate way (Al-Qaradawi, 95); Allah says "And their Lord has accepted of them, and answered them "Never will I suffer to be lost the work of any of you, be he male or female" (3, 193). Thus, as women are always considered to be half of society, it cannot be imagined that Islam prevents half of its society from working (Al-Qaradawi, 95). However, there are some conditions that need be considered by women in regard to this issue. Although this research does not aim to discuss "religious issues", the previous point needs much attention by the Faisal Islamic Bank of Egypt. This bank does not employ women and believes in this that it follows Islamic thought. However, this situation is contrary to Islamic law, and also to their customers' needs. In this context, and with regard to the response to customers' needs, some customers mentioned the previous issue and they indicated the real need to employ women in the Faisal Islamic Bank of Egypt, because some women prefer to deal with a woman during financial transactions.

The second point is that most of the employees interviewed had been working in these banks for less than two years, and had not previously worked in areas where direct interaction took place between the employee and customers. This could mean that those workers did not have the skills that were required during this interaction. Thus, attention has to be given to this point, because, unlike other positions, a front line employee needs to understand the required elements to deal with customers appropriately; what makes this issue more notable is that some employees had never actually worked anywhere before.

6-2-2 Principles of work: employees' views

In Islam work is given special importance, to the extent that it is considered as an act of worship. Islam is a religion of action; it calls upon Muslims to work hard to benefit themselves and their societies. Islam is a religion that orders its followers to

be part of a working and productive society. In his instructions to Muslims on this aspect, the Prophet Muhammad strikes a balance between worship and work. So, as Muslims have to be constant in their acts of worship, they also have to work hard to make a living. The true message of Islam is not just for a Muslim to profess faith and do nothing for his or her society. Rather, Islam teaches that true faith is demonstrated through sincere deeds that make a noticeable addition to the progress of society. The following paragraphs discuss the view of frontline employees of Egyptian Islamic banks towards key issues to the concept of work.

With regard to the question asked to frontline employees of Egyptian Islamic banks regarding the issue of choosing the place of work, what can be argued is that it is a matter of concern in Islam, and according to the Islamic law some issues have to be taken into account during the choice of a work place. One of the most important issues in this context is the issue of interest. According to Islamic law, a Muslim is not allowed to work in an organization that deals with interest. Furthermore, in Islam, an organization is not only a place of employment where people work and earn money as a result of it, but it is a position that calls for moral goodness and integrity. So, a Muslim is also not allowed to work in an organization that deals with forbidden products such as alcohol.

In terms of the employees' perspective, three different matters were seen as the most important factors for their choice of workplace. Those employees who chose this bank as a place to work because it was an Islamic bank did so because they believed that a Muslim is required to follow Allah's instructions, so they chose a place where Islamic rules applied. The key issue here is a matter of submission to Allah. However, two of them added that this submission in choosing this place resulted in a feeling of satisfaction, which was created by a clear conviction that this place was the most appropriate, which, in turn, created a feeling of stability and constancy. Thus, they did not look for another workplace. Those two employees said that all these things lead at the end to psychological comfort. What might be suggested here is that the loyalty of this type of employee may be stronger compared to another who might only be concerned with material gains, and that this is beneficial to the organization. This satisfaction leads to loyalty which influences positively on the relationship between employees and customers.

The second reason that was mentioned by a slightly smaller number of employees than the previous group is related to previous education plus career progression. This reason can be seen from different perspectives. In Islam, one of the most important things about doing a job is to have the necessary knowledge; this means how to do this job. This is clear from the Quran; Allah says "And pursue not that of which you have no knowledge" (17, 36). So, this is an approach required by Islam. However, from another perspective, what was clear was that these employees saw this requirement as the sole and most important reason, and they made no effort to provide other secondary reasons. This approach is to narrow in Islam as it is important to take into account other issues during this process, such as vocational motivation to work as a practicing Muslim, instead on focusing on one specific point.

The third reason that was given by employees was mainly related to the issue of looking for any job; the type or place was not a matter of concern for this group. They were only looking for a job as a way to earn a living, no more, no less. However, although these people seemed to be in urgent need of a job, what is interesting from a Muslim point of view is that these people did not mention that they had wished or wanted to find a place that was acceptable in Islamic law, because in Islam if a Muslim wishes or wants to do a good action, they will be rewarded for this, even if they do not perform the act. Thus, those people did not take into account other issues, including the religious factor, with regard to the matter of wanting or wishing, which is not difficult for a believer in Allah. The sole motivation for these people was simply to find a job.

In addition to the previous three reasons, which were found to be the most important reasons for choosing the place of work, there are some other reasons such as wishing to work in a bank in general, wishing to have a job that required less effort, and the fact that this bank was well- known, were also mentioned by employees of Egyptian Islamic banks. Although these were secondary reasons, and mainly related to personal interests, they might be divided into two categories; the first related to personal desires, which include the wish to work in a bank in general and the need for less effort; the second related to material benefits - reputation, and these who were interested in the profits that might be achieved by these famous banks. The

final point that can be mentioned in regard to the previous question is that none of these employees referred to a combination of factors one and two above as the reason for their choice of work place, i.e. a balance between an Islamic perspective and their own education and career progression.

In summary, in a country like Egypt which is densely populated, and where finding a job is very difficult, when keeping to an Islamic approach that considers work as a place of worship, Islamic motivations have to occupy a high place in the mind of the believer, and people have to make sacrifices in seeking to please Allah. Conforming to these values will instil in the employee a sense of feeling of love of working in a place and this will give a good impression of the bank. In this context employee E3 said "since this bank is an Islamic bank, this leads to a sense of psychological comfort".

The previous discussion means that when a Muslim chooses a job they should be committed to the Islamic approach to doing this job. But given that more than half of the employees had chosen an Islamic bank for other reasons rather than Islamic motivations, this may lead to the conclusion that these employees did not consider the Islamic approach. Instead, material factors and individual benefits were more important in their choice of the job. However, what can be seen with regard to the question directed to frontline employees regarding the issue of the importance of salary when choosing the Islamic bank was that although the previous question was related mainly to the issue of salary, it had a wider perspective in relation to material factors in general. In this context, Islam encourages people to work, and considers it as worship. Also, at the same time, work aims to achieve a good quality of life for people, and to do so, the material factors are an important matter. This means that a balance has to be achieved between the two issues. This approach can be applied to the issue of salary. Thus, Islam does not agree with people who disregard money; Allah says "Wealth and sons are allurements of the life of this world" (18, 47). On the other hand, Islam does not accept people who make money their sole and most important aim in life. Therefore, Islam is clear regarding this issue, money is not everything in this life, and also at the same time it must not be considered as sin.

As mentioned before, the employees' views were divided into three categories; before discussing each one in more detail, in general employees tried to express that salary was not a matter of concern during their choice of the bank, but the strength of this view varied from one category to another. What is clear implicitly was that they wanted to say they were pious people or strong believers, with a fear of Allah, and could not be influenced by money.

With regard to the first group, who did not assign any value to their salary, this is unacceptable according to Islamic law, since the worker has a right to make an appropriate wage. Workers were strongly interested in sending this message by saying that "they did not place any value on their salary when they chose the Islamic bank". Moreover, what is more surprising was not that they did not place any value on the salary, not even enquiring as to pay until after receiving their acceptance papers from the bank. A question is raised here, which concerns the position of those people from the view of the Prophet who said "whoever hires a worker, he has to name the amount of money that has to be paid to the worker". It is not just the responsibility of the bank, but also the responsibility of the worker to follow the Prophet's *Hadith*. Thus, people have to consider this matter. Also, they have to know that salary is a grace from Allah as a result of their work, and it is not required by Islam to ignore this in order to be a strong believer, or to be close to Allah. Allah in the Quran described money as an adornment of life. So, how can these people be proud of ignoring this issue? This pride has to be seen in other ways, not in regard to the issue of salary.

Compared with the first group, the second group had a view about their salary which was slightly different. However, it is still an appropriate view from an Islamic point of view. According to the Islamic point of view, because a Muslim has not only to be aware of rules, but also he has to deal with these rules in their daily live. As mentioned before, these people took the issue of salary into account, but they had not discussed this matter with the management of the Islamic bank because they did not see salary as an important issue. However, in order to be open with the bank and at the same time ensure workers do not feel a sense of unfairness, and understand their rights and duties, Islamic values require that they discuss this issue with the

management of the Islamic bank, because this situation might have an influence on their performance.

With regard to the last group, as mentioned before, this group took into account the matter of salary among other factors during their choice, but salary never came at the forefront of these factors for them, as confirmed by their responses, such as: "salary was never considered as the first and most important factor". Such a view may seem usual, but by discussing these peoples' views more deeply, this perception was altered. The reason is that these employees tried to send the message that it was "shameful" to state that the issue of salary was an important matter. This might possibly be concluded from phrases such as "anyway salary is not the most important thing". The question to be asked here is why those people focused on this phrase, and once again it appears perhaps they had misunderstood the subject of salary from an Islamic perspective. Although this misunderstanding was not enormous compared to the first and the second categories of respondent, it has an influence on workers' perception. Thus, this view may be unacceptable, because the balance that is required in Islam between rights and obligations means it is not inappropriate to consider a salary as an important issue between a worker and an organization.

What can be seen in regard to the issue of salary from an Islamic perspective is that the issue of balance, which is considered as the appropriate approach of the Islamic religion, has to be clearly understood by employees of Egyptian Islamic banks and their employers. In Islam, material factors, which include salary, cannot be considered as the sole, and most important dimension, but at the same time also cannot be ignored or misunderstood.

With regard to the issue of leaving the Islamic bank in the case of being offered a better job elsewhere, as mentioned in the findings chapter, employees' views varied. In this context, in regard to the first group of people who were interested in leaving their current job (six employees) two points need to be discussed; the first is that those people did not ask about the nature of the alternative job, especially in terms of dealing with interest; the second is that in addition to other factors that encouraged employees to leave, salary was one of the most important. These points might mean that the Islamic approach to doing a job is not fully understood by those people,

especially in regard to the issue of salary, and how it should be discussed with the management in order to leave no room for doubt.

With regard to the second group of workers (four employees), as mentioned before their answers were unclear, they hesitated and took a great deal of time giving their answer; in fact they did not clearly state that they would leave the bank if they were offered a better a job, or that they would stay in the bank whatever their choices were. This position may be considered by some people as an approach of 'moderation', which is sought in Islam. This is clearly not the case. However, contrary to the previous group, these people had a clear intention to stay in the Islamic bank, but they do not seem to be able to pay an expensive sacrifice in terms of ignoring a job that may not be acceptable under Islamic law.

In regard to the third group of workers (two employees), when asked if they would consider an alternative job those people asked about the nature of the alternative job, especially in terms of the issue of interest, after that they immediately and clearly answered "no to leaving". A question may be raised about the source of this clear and strong answer, because it is not easy to find somebody who without any hesitation ignores a better job somewhere else. Those employees mentioned the reasons that led them to give this answer; in addition to the work environment and work based on Islamic law, what is clear and important to them is that their salary was *Halal* (permitted) by Islamic law. For those employees the issue of income was not related to the amount of income itself, but to the source of this income, they prefer to receive a *Halal* salary even if it was only a small amount of money, rather than earn a large amount of money from an organization that did not work according to Islamic law. However, these people mentioned that they might leave the Islamic bank if they were offered a better job somewhere else, but the alternative choice would have to be acceptable under Islamic law.

However, the previous question explored the strength of the concept of sacrifice among employees of Egyptian Islamic banks. In other words, to what extent were employees of Egyptian Islamic banks capable of refusing other better jobs, because they conflicted with Islamic law, which would prevent them from being close to Allah?

The distinctive views that should be considered by a practicing Muslim, as mentioned before, such as the concept of pride in working in an Islamic bank were explored with frontline employees. This investigation should lead to discovering something that is wider than material satisfaction. The employee has pride in themselves, their family, and their local region, whereas a wide view might reflect that a believer feels they serve Allah before anything else, and this is the source of their pride. This investigation did not seek to identify the sources of the pride of each worker in terms of achieving their personal aims, but was designed to explore whether employees of Egyptian Islamic banks were proud of things that were exceptional about their employment or not. In this context, as mentioned before, employees' views were varied, thus it was difficult to divide these views to different categories. For this reason, two stages were applied. The first stage was to divide these views into two groups, "common views", and "uncommon views". The second one was to shed more light on the uncommon views.

In regard to the common views, except for employee (E7) who said that "the reason why I feel proud is because this bank takes the name of two countries that I love very much", other views were similar in focusing on two points. The first was related to the development of skills by working in the Islamic bank, especially those which were related to their interaction with customers. The second point is that those people felt that they had contributed to the development of the Islamic bank.

As mentioned before, direct attention is given to the views of employees who mentioned sources of pride that can be considered as uncommon views. In general those people mentioned two issues as a source of pride; the first source of pride was due to the *Halal* salary; while the second was that working in an Islamic bank was a source of pride in itself.

In terms of the first issue, those employees saw that earning a *Halal* salary led them to a feeling of pride. They considered that all the sacrifices that were made in order to work in an Islamic bank, and ignoring other better jobs, were made in order to earn an income that was free of any impurities. This income was considered by those people as a source of pride, not only to themselves, but to their family and relatives. Those employees considered that this income, which created their pride, filled the

gap that can be found as a result of a limited income. In summary, this pride derives from factors that are related to the permissibility of income under Islamic law.
In terms of the second issue, which was that working in an Islamic bank was a source of pride in itself, those people who mentioned that before serving themselves and family they essentially serve Allah, which they saw as the noblest aim. This led them to a feeling of pride and satisfaction. Contrary to the previous pride that is considered as an external pride towards people, the second is an internal pride towards Allah. Also, those people who saw pride which derives from a pure income and from working in an Islamic bank can be seen as being loyal to an Islamic ideal, because they see their loyalty is to an approach and faith that is bigger than just loyalty to an organization aiming to achieve particular goals. In summary this pride derives from factors that are related to pleasing Allah.

After exploring employees' views that included common and uncommon views, a question can be asked regarding the possibility of following the approach of moderation in response to the previous question concerning the scarifies made to earn a *Halal* salary.

As mentioned before, moderation means the balance between the worldly and the hereafter, and achieving this balance is not difficult, because there is no conflict between achieving worldly or personal aims and being close to Allah. In terms of those people who felt proud because they had achieved their aims and contributed in the development of the Islamic bank, those people had to consider the specific nature of Islamic banks, and not concentrate heavily on issues that were mainly practical in themselves. On the other hand, those who concentrate on the issue of *Halal* salary, and seek to direct their attention to pleasing Allah, know that avoiding interest is not the only way to earn a *Halal* income. Also if those people seek to please Allah, they have to know that means also giving attention to other parties, especially when they deal directly with customers, by providing service with high quality. Thus, the answer of the previous question can now be identified, which is following the approach of moderation can be considered as the appropriate approach, and a Muslim can indicate that they are proud because they following this approach.

With regard to the final question of this stage exploring employees' views regarding the mission of Islamic bank, and as mentioned in the literature, although there is a similarity between Islamic banks and Western commercial banks in terms of process and methods applied in the management of their activities, there is an obvious difference in terms of philosophy.

The Islamic bank depends on an idea that is wider than what is common in the literature, which sees an Islamic bank as merely an organization which does not deal with interest. Nonetheless, Islamic banks in fact include other issues such as social responsibility, and particularly its mission in terms of the distribution of Islamic financial knowledge.

With regard to those people in the first group, who did not see that Islamic banks had a special mission at all, this view could be inferred from the hesitation in their answers, and their wish to move to another question. This view should really raise a question, which is how a worker in a particular organization does not realise the approach or mission or at least the values of their organization. This question becomes more important with an organization that has a clear mission that is supposed to be the key pillar of its activities, including the relationship between their frontline employees and customers. The mission of Islamic banks should not only be advertised in their mission statements, but should also be realised and understood by their employees. It might be acceptable to say that there is a misunderstanding of some issues, especially from the Islamic legal perspective, but what is not acceptable is that this mission is completely misunderstood by a worker who is employed in an Islamic bank, who might also be a decision maker in this bank in the future.

With regard to the second view, as mentioned before, workers saw the mission of Islamic banks to be the same as the mission of any organization. This means that Islamic banks were not being differentiated in their mission by these employees. This view is close to the common Western view of profit maximisation, which does not consider that there are other purposes for the banking industry such as social and development activities. The aim of achieving the purposes of a bank such as customer satisfaction, making a profit, providing high quality service and gaining a high position in the marketplace is acceptable from an Islamic point of view, but

what is definitely clearer is that this should not be the absolute mission of the Islamic banks. These banks have further goals, and their mission is wider than the view articulated by most of the respondents. This mission stems from the environment of Islamic banks, in which religion has a direct impact on their activities. In this environment an Islamic bank is not just considered as a financial organization, but instead it is a financial, social, cultural, and economic organization. An Islamic bank should not hold financial goals as their sole or most important goal, instead its aim is to follow an approach or faith that sees the mission of Islamic banks as a comprehensive one with includes specific details in terms of the nature of the relationship between its frontline employees and customers. The answers from group two did not reflect this view.

In regard to the third group, these people saw that Islamic banks had their own mission and the most important feature of it is the religious factor; nevertheless, as mentioned before the issue here is related to the comprehensiveness and clarity of this mission in the minds of this group. In other words, these people could not clearly explain how the religious factor was considered to be the special feature of Islamic banks. Thus, transforming this mission to a practical approach would be a questionable matter. This group concentrated on the general picture, particularly in terms of applying Islamic law to financial transactions, but the specific details of this view were still absent and misunderstood by these people.

As a summary of the previous question, some employees were unaware of a separate mission for Islamic banks, while others who were aware of its existence did not see it as different to the approaches of other banks. In other words, from the perspective of these employees, the Islamic banks had come to deal with customers in a 'normal' way that achieved benefits to all parties and a high position in the financial market. However, the majority of frontline employees of Egyptian Islamic banks did not recognise that an Islamic bank had a special mission that clearly distinguishes it from other organizations.

6-2-3 Employees' attitudes regarding service quality

Before a discussion of the employees' view of the term service quality, there are two approaches of thought which should be mentioned; the first is the Western approach,

which is a common and widely applied approach; the second, which is not completely different from the previous perspective, but has its distinctive meaning, is the Islamic approach.

From the earlier analysis related to this issue, employees in general see this issue from the Western approach. This does not mean that they said that they followed this approach or mentioned models such as SERVQUAL, but this result was concluded from their answers. The examples, points and issues raised by employees in fact form a significant part of SERVQUAL, one of the most important models for measuring service quality in the Western literature.

What can be seen from the previous result is that although there is a Western and an Islamic approach concerning the subject of service quality, this does not mean that the two approaches cannot be seen as consistent. The points or issues that were considered by employees of Egyptian Islamic banks as the key dimensions of service quality are acceptable and required from an Islamic point of view, but they failed to mention the particular Islamic perspective of service quality: the point they missed was the special view of Islam regarding the subject of service quality. In this context, not one of these employees mentioned the issue of moderation. This might be seen a normal situation and that these employees had either cause or reasons to overlook this issue, because there is a lack of studies concerning the subject of service quality from an Islamic view. However, although there is a paucity of sources that are related to the subject of service quality from an Islamic view, there are some studies concerning the concept of work from an Islamic perspective. Also, work was mentioned in the Quran and *Suuna*. The employees had a responsibility to recognise the significant role they played in creating an environment where the issue of service quality in its wider meaning would be achieved.

What might be considered from the previous answers is that these employees in general did not see another meaning to the concept of service quality from that which is dominant in the literature. As a small comment on the previous answers, if someone does not see another meaning to the concept of service quality from what is dominant in the literature this might mean that this person does not have a distinctive view about this subject, or at least it is not embodied, fixed and affirmed within that

person. In this context, and as mentioned in chapter three, quality has a distinctive meaning from the Islamic point of view, but according to the previous comments that came from people who worked in an Islamic environment, this matter in general was not seen from distinctive perspectives, and the reason for this might be that these employees were not instilled with the Islamic approach, which does not see quality only as a matter of achieving the customer's needs, and financial profits for the bank, both of which were clearly mentioned by these employees.

In regard to the question of the importance of service quality, what can be deduced from employees' answers is that these employees followed the same view or approach as in the previous question. However, in general the small difference between this and previous questions was that in the former question the focus was customer's satisfaction, whereas in the answers to this question the focus was also on the importance of service quality to Islamic banks in terms of gaining a high position in the marketplace, increasing reputation, achieving high profits, and attracting new customers. In other words, this importance was hugely related to material factors.

As mentioned before, customers' satisfaction, and making financial profit are required and acceptable in Islam, but the question is why these employees did not mention the issue of quality as a legitimate requirement in itself, apart from being a requirement of the marketplace. In this context, a question can be raised related to the issue of moderation.

In Islam, both material and religious issues have to be taken into account by a Muslim, and satisfying one of them should not be at the expense of the other.

An Islamic bank does not operate in isolation from the Islamic religion, and as a proof for this is the phrase "*an Islamic bank*". This means Islam is an adjective linked to this type of banks. Thus, the aim of an Islamic bank has to be seen in the context of Islam, which includes success in this world and hereafter.

However, what can be seen from these answers is that the employees did not see any other reasons over and above to those which were mentioned in the dominant literature about the subject of service quality, whether in terms of their understanding or the importance of this subject. In other words, they did not see that this subject

might have another view or understanding from people in addition to what is dominant in the literature. However, it is worth mentioning that until this stage of the process the respondents had not fully sensed the "hidden aim" of this interview. This clearly means that these employees provided their views without relising this aim, and that they were not influenced by any other factor, and their views were considered as true reflection of their knowledge and perceptions, which in turn gives these answers more credibility.

With regard to the final question concerning the concept of service quality from an Islamic perspective, what was common among these employees was reference to the Prophet's *Hadith* that "Verily, Allah loves that when anyone of you does a job he has to do it at the level of *Itqan*" (told by Al-bokhake). This means that these employees were in agreement about the clarity of the issue of quality from the Islamic point of view, but what is not fully clear is the application of this *Hadith* and other Islamic values in their daily life, especially during their transactions with customers. In this context, and as mentioned before, customers of Egyptian Islamic banks were clearly not positive about some services that were in essence created during the interaction between frontline employees and customers, and had their distinctive features in an Islamic perspective. These services should be seen and provided in a way that was different from that which is common in the banking industry. As an example of these services, some of them related to the dimension of empathy, and namely the statement "there is a close relationship between the bank's customers and the employees of the bank", and the statement "employees of this bank provide financial advice to its customers".

The dimension of empathy consisted of four items. On the one hand, customers agreed with the statements "employees listen to my complaints" and "employees speak politely with customers", and the mean values were 3.60 and 3.93 respectively. This suggests frontline employees of Egyptian Islamic banks were polite and attentive to their customers.

On the other hand, customers were less content with the two other services, which can be seen in Islam from another perspective, "there is a close relationship between the bank's customers and the employees of the bank", and "employees provide

financial advice to its customers". The mean values for these two statements were 2.76 and 2.66. These scores are surprisingly low considering that the statements can be seen from a perspective other than a functional one. In this context, in Islam, from which Egyptian Islamic banks derive their roots, and because these banks and their customers have the same values stemming from the Quran and *Suuna*, the relationship between them should be broader and stronger than merely a financial business relationship. Such a relationship encourages employees, especially frontline employees, to extend the range of their interaction with customers to encompass the idea of "brotherhood" aiming to create an environment in which Islamic values are practiced. In this context, the Prophet said "religion is advice" (Al-Qaradawi, 1995). So, the financial advice in Islam is a religious matter in addition to its functional aspects. In this context and with regard to customers' views regarding the distinctive feature of the dimension of empathy, surprisingly, these views contrast with what is affirmed by Islamic banks in Egypt, which advertise the distinctive relationship between them and their customers and society in general. In this context, Al-Baraka Bank Egypt, for example in its mission called this relationship: "Beyond banking".

What is understood is that frontline employees' empathy was mainly related to the day-to-day functional aspects of their work rather than following the Quran and *Sunna* or the mission statements of their bank. This empathy should in fact extend to a broader relationship with the customer. However, it should be emphasised that there is no conflict between the provision of functional services and Islamic values and principles – there is rather the need to augment them further.

It is clear from these answers that frontline employees mentioned that quality has Islamic roots. They mentioned more than one *Hadith* from the Prophet, or from the life of the Prophet himself, and accordingly a Muslim is required in the Quran to follow the Prophet's Life, and sayings and have them fixed in the Muslim's mind. This in turn leads to practicing them with other people and in the context of business this view has to be the approach of the believer in order to achieve success in this world in the hereafter. God says "You have indeed in the messenger of Allah a beautiful pattern of (conduct) for anyone whose hope is in Allah and the final day, and who engages much in the praise of Allah" (23, 21). Nevertheless, employees did not mention this view, which would have been worthwhile and would have enriched

the dialogue. This may give a negative indicator concerning the stability and firmness of this view (deep-rooted values), and whether this view was translated into real actions, especially during their transactions with customers.

What can be suggested at the end of this section regarding employees' views about the components of service quality is that these views were not different from those expressed by authors who studied this concept in other Arabic/Islamic contexts. Employees' views were encapsulated in traditional dimensions of services and how these services comply with the legal aspects of *Shariah*. This can be supported through employees' views regarding the concept of service quality and its importance. These views did not extend beyond the traditional aspects of this concept as seen in the wider literature. Emphasis was clearly paid to issues aimed mainly at achieving customers' needs, which in turn lead to banks' success in achieving their financial and profit aims.

With regard to the importance of compliance with *Shariah*, in which employees' views were concentrated on the legal aspects, this was concluded through exploring their views about key issues related to the concept of work in Islam in which service quality is rooted. Issues for example related to *Riba* (interest), applying Islamic law, and *Halal* (permissible) salary were common among employees. On the other hand, issues for example related to the social and cultural aspects of service provided were generally ignored.

What can be concluded is that in spite of the perspective of frontline employees of Egyptian Islamic banks that the term service quality has its roots and distinctive meaning in Islam, what is more embodied is the traditional aspects of service quality and compliance with the legal aspects of *Shariah*. Moreover, another point ignored or at least not rooted was the distinctive role of the practicing Muslim worker, especially when providing service. These centres on employees who in addition to traditional skills, enact the other qualities that enable the customer to be treated more than as a client. This notion is assumed in Egyptian Islamic banks' mission statements but does not appear to find expression through the employees actions and perceptions.

6-3 The questionnaire process

Before discussing issues related to the questionnaire process, it is worth mentioning that this discussion also applies to the services provided by the two banks. In other words, there were no important differences between the views of the customers of the two banks about the services provided by each bank. This means that the issues will be discussed related to the six dimensions of the CARTER model applied to the two banks, and this suggests that the Faisal Islamic Bank and Al-Baraka Bank Egypt were working from similar beliefs with regard to the issues that have a significant role in determining the level of service quality.

6-3-1 Comparison between the two banks

Table 28: Comparison between the two banks regarding the six dimensions of the CARTER model

	Faisal bank	Al-Baraka bank	Mean
Compliance	2.81	3.03	2.86
1- This bank provides social, and financial support to poor people (youth want to marry)	2.07	2.31	2.19
2- Credit (for example *Qard Hassen*) is available in this bank	2.35	2.41	2.38
3- Effective Islamic insurance (Takaful) is available in this bank	2.51	2.45	2.48
4- A *Zakat* (alms) fund is Available and effective	2.53	2.49	2.51
5- This bank contributes to the distribution of the Islamic financial knowledge	2.87	2.81	2.84
6- The employee of this bank represents the appropriate Muslim dealing with the customer	3.39	3.47	3.42
7- This bank operates in accordance with Islamic law	4.18	3.82	4.02

Assurance	4.41	4.42	4.42
Reliability	3.65	3.60	3.62
Tangible	4.49	4.55	4.52
Empathy	3.33	3.41	3.23
Responsiveness	3.29	3.32	3.31
Overall mean value	**3.58**	**3.64**	**3.61**

6-3-2 Customers' views regarding the modified CARTER model items

What should be mentioned at the outset is that in general the findings of the descriptive statistical analysis of the modified CARTER items showed that customers' views were divided into two attitudes. The first, which was negative, was related to services that were in essence rooted in Islamic values; and the second, which was positive, was related to the rest of the services rooted in essence in functional values. This section discusses customers' views regarding the two studies.

- **Services rooted in Islamic values**

As mentioned before, Islamic banks are supposed to provide distinctive services that reflect Islamic values and principles in business in general, and in the Islamic banking industry in particular. However, what can be concluded from the findings is that these values in areas such as service quality were absent. Also, the gap is evident between what was stated by Islamic banks in their mission statements and what was actually delivered by the banks to customers. In this context, and based on the modified CARTER model, customers of Islamic banks were negative in their views regarding services that were in essence rooted in Islamic values, especially those related to the social responsibility of Islamic banks.

Although services such as providing social and financial support to poor people (i.e. young people who want to marry), providing credit (for example *Qard Hassen*), and the effectiveness of the *Zakat* (alms) fund were prominently mentioned in the mission statements of Islamic banks, customers perceived them to be absent. The lowest mean value in the modified CARTER model was for the statement "this bank provides social and financial support to poor people". Customers also disagreed with

the two other statements previously mentioned in this paragraph. These services in particular represent the main pillars of the social role of Islamic banks.

On the other hand, what is surprising is that the Faisal Islamic Bank of Egypt continues to advertise the importance of the practice of distinctive Islamic services. What is quoted from their mission statement is that "the social services of the bank is considered one of the main bodies of the Faisal Islamic Bank of Egypt and is one of its characteristics as being the first Islamic bank in Egypt. The bank gives benevolent loans (*Qard Hasan*) for those who are in need and those who are in emergency situations. Such loans are repaid without any leverage. The *Zakat* (alms giving) Fund is considered one of the main bodies of Faisal Islamic Bank of Egypt and is one of its characteristics as being the first Islamic bank in Egypt" (Faisal Islamic Bank of Egypt, 2008). In more detail, with regard to the issue of compliance with Islamic law, Egyptian Islamic banks paid considerable attention to services that fundamentally relate to compliance with Islamic "law", while it could be argued that no similar attention has been paid with regard to services within the framework of Islamic banking services in their wider definition such as services related to the social role of Islamic banks.

Thus, Islamic banks have to take into account the previous issues, and review those services where customers' responses indicated that quality may be sub-standard. In this context, and because the mean value of the dimension of compliance was the lowest among the six dimensions, Islamic banks have to realise that compliance does not only mean compliance with Islamic law as a law, but includes compliance with the principles, objectives, and values that were the key drivers behind the establishment of Islamic banks. This affirmation in highlighting the distinctive Islamic services was also stated by the Al-Baraka bank. As an example it mentions that "the third guiding principle concerns moral and social values. The Quran calls on all its adherents to care for and support the poor and destitute. This is not confined to mere charitable donations but has also been institutionalised in the industry in the form of profit-free loans or *Qard Hasan!*" (Al Baraka Banking Group, 2008). Moreover, among the objectives of Islamic banks is the cultural role of these banks, especially in terms of the distribution of Islamic financial knowledge. Here the situation is also similar to the previous discussion. Whereas the two

Egyptian banks stated the significance of applying such objectives, from the customers' perspective the banks had failed to do so. 72.2% of customers "neither agree nor disagree" or "disagree" about this service. In this context, and as an example, the following quotation mentioned by the Faisal Islamic Bank of Egypt reflects the gap that exists between the customers' views and the two banks "The bank's activities are not only restricted to the banking, financial and social fields but also encompass activities that involve another vital area namely cultural activity. The bank gives utmost attention to promoting and familiarizing the Islamic economic concepts in general and Islamic banking in particular. The bank does not stop at promoting such concepts among its employees but also among the public" (Faisal Islamic Bank of Egypt, 2008).

The previous discussion mentioned a number of items that have their roots in Islam. These items were in essence found in the compliance dimension. To understand more about customers' views concerning the distinctive services of Islamic banks that were clearly mentioned by these banks, and to include other items that are not found in the dimension of compliance but have their roots in Islamic values, the CARTER model was divided into two parts (Islamic and functional items). The following table represents the views of customers of Egyptian Islamic banks in terms of their agreement that their bank delivered services rooted in Islamic values.

Table 29: Customers' views about services rooted in Islamic values

Islamic variables	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Overall	4.5%	38.5%	30.4%	24 %	2.6%

As can be seen from the table above, 43% of customers' answers were negative ("disagree" and "strongly disagree") in relation to the Islamic variables. Moreover, 30.4% of customers gave the response "neither agree nor disagree", while customers who answered "agree" and "strongly agree" represent only 26.6% of the total sample. These figures raise questions and doubts about the features that distinguish Islamic banks from other banks. These characteristics, which distinguish Islamic banks as being "Islamic" organizations, stem from the principles and values that were behind the establishment of Islamic banks. Thus, the previous table reinforces

the gap that exists between customers' views about the availability of services rooted in Islamic principles and what is stated by Islamic banks about these services.

These doubts become more serious with regard to items that are principally related to Islamic values and not just overtly to Islamic "law". Thus the following table presents the percentage of customers' answers excluding the statement "this bank operates in accordance with Islamic law", because this statement essentially represents compliance with the law rather than to Islamic values and principles

Table 30: Customers' views about services rooted in Islamic values excluding the statement "this bank operates in accordance with Islamic law"

Overall	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
	5%	44%	30%	17.5%	1.5%

As can be seen from the table above, the percentage of customers' answers that was given to the two categories "strongly disagree" and "disagree" increases from 43% to 49% when this statement is excluded. Moreover, the percentage of customers' answers that were "agree" and "strongly agree" decreased from 26.6% to only 18% of the total sample. In this context and as mentioned in the following table, 87.5% of customers "agree" and "strongly agree" with the statement that Egyptian Islamic banks operate in accordance with Islamic "law".

Table 31: Customers' views about the statement "this bank operates in accordance with Islamic law"

Item	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree	mean
This bank operates in accordance with Islamic law	0	6 2.1%	29 10.3%	208 73.7	39 13.8%	4.04

What can be argued here is that even if the Islamic "law" aspects of the banks' operations are ignored, Islamic banks should still be distinct from non-Islamic banks,

and they would still be organizations that rely for their activities on values and principles that represent Islamic religion in its widest definition.

These figures and discussion support the ongoing discussion in the Islamic banking literature of many scholars (see for example, Dusuki, 2008, Al-Qaradawi, 2010) that Islamic banks have deviated from the values and principles that form the main pillars of the Islamic banking industry, and have become banks paying most attention to the legitimacy of their transactions, and whether they are permissible or forbidden from the Islamic "law" perspective.

However, a question which can be raised here is that if this is the situation with regard to services that from the theoretical and practical point of view should be provided by Islamic banks, what are the views of customer regarding the other functional services rooted in Western banking practice?

- **Services rooted in western banking practice (in essence functional services)**

At the outset what can be concluded in regard to the functional services rooted in Western values is that in contrast to services rooted in Islamic values, and although they were not prominently mentioned in the mission statements of Egyptian Islamic banks, from the customers' perspectives these services clearly existed and were provided by these banks. Thus, in contrast to the gap that was found concerning services rooted in Islamic values, here what was provided from the practical point of view appears to be more than what was mentioned in the Islamic literature concerning the important and distinctive services of the Islamic banking industry, which will be mentioned later in this section. In the context of the functional services provided by Egyptian Islamic banks, the services belonging to the "tangibility" dimension came at the top, in terms of their mean value, demonstrating bank customers were clearly positive about these services.

As mentioned in the findings chapter, the mean value of this dimension ranged from 4.24 to 4.80 and the overall mean value was 4.54, which is obviously high. Customers' views were consistent towards the categories "agree" and "strongly agree". These figures might explain the lengths to which Egyptian Islamic banks went in order to give a positive impression about the tangibility aspects of the process of delivering service. As a result the overall mean value of the modified

CARTER model (3.76), which is high, was largely supported by the functional services, wherein the dimension of tangibility was the highest.

Beside the tangibility dimension, customers were also positive about the dimension of assurance. In this context, the trend of customers' answers were towards the categories" agree" and "strongly agree". Thus, the mean value ranged from 4.02 to 4.77 and overall the mean value was 4.43. Customers' scores reflected the effort of Egyptian Islamic banks to create a safe environment for financial transactions. This was also noted in terms of the availability of security staff and the systems used by Egyptian Islamic banks concerning the way of serving their customers in a secure environment which was well organised.

With regard to the dimension of reliability, the impression of the ability of Egyptian Islamic banks to be good at the functional services is also supported here. In this context, the highest mean score value of the dimension of reliability was for the statement "this bank has a sufficient number of contact employees", which is a more quantifiable item compared to others found in this dimension. The percentage of customers who "agree" and "strongly agree" represented 86.5% of the total sample. While other services found in this dimension such as the statement "this bank provides a wide range of financial services and products, without focusing on a particular type", which can be seen from a perspective other than the functional one, the percentage of customers who "agree" and "strongly agree" represented 51.1% and the percentage of customers who "neither agree nor disagree" represents 44.3% of the total sample. These figures again illustrate the ability of Egyptian Islamic banks to deliver services that were functional rather than in essence services rooted in Islamic values.

Similar to the discussion mentioned regarding items found in the dimension of reliability, customers were more positive with the functional day-to-day services found in the empathy dimension compared to the other services that had a distinctive meaning in Islam. In this context customers giving the responses agreed with the statement "employees of this bank speak politely with customers" and the statement "employees of this bank listen to my complaints", but the situation was different regarding the statements "employees of this bank provide financial advice to its

customers" and the statement "there is a close relationship between the bank's customers and the employees of the bank" where 86.2% and 81.2% of customers gave the responses "neither agree nor disagree" or "disagree" respectively. This could mean that employees were sympathetic in their dealing with customers, but this sympathy in essence was related to the business aspects and did not extend to a relationship which considers the customer as more than merely a client. In this context, Islamic banks such as the Al-Baraka Bank which used the slogan 'beyond banking' as part of its mission statement appears to have been in direct contrast to customers' views (for example, this represented in the high percentage of customers who disagreed with the idea that there was a close relationship).

However, the idea that Egyptian Islamic banks were regarded as good at the functional items was also found in the final dimension of the CARTER model, which is the dimension of responsiveness. This conclusion was reached through the results presented in the findings chapter and a discussion that took place with some customers of Egyptian Islamic banks.

With regard to the fourth statement in the dimension of responsiveness, "employees of this bank respond promptly to telephone calls", although the percentage of customers who gave the answer "neither agree nor disagree" about the statement was high, this does not necessarily mean that customers were not positive about it. This might be explained by the fact that customers of Egyptian Islamic banks were not familiar with this service, suggesting that Arabic customers are not generally accustomed to dealing with their banks by phone. With regard to the second statement, "customers' needs are always at the forefront of the concerns of the employees", in some cases the author spent time with customers discussing this. In this context customers mentioned that although a considerable number of them chose the fourth choice, that is "agree", they explained that Egyptian Islamic banks put their customers at the forefront of their concern due to reasons of profit rather than other reasons which may be related to Islamic values and principles. What can be seen here is that customer's responses were mainly related to functional services more than responding to the distinctive services advertised by Islamic banks.

As mentioned before, the CARTER model was divided into two parts (Islamic and functional items). The following table summarises the level of agreement of customers of Egyptian Islamic banks that their banks provided service rooted in functional values.

Table 32: Customers' view about the functional values rooted services

Services rooted in functional values	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Overall	0.5%	5%	16.5%	51%	27%

It is clear from the table above that customers' views differed with regard to the functional items compared to the Islamic items. With regard to the functional items, 78% of customers' answers were given to the two categories "agree" and "strongly agree". While, the percentage of customers' answers that were given to the two categories "strongly disagree" and "disagree" was only 5.5%. In contrast to services rooted in Islamic values, Islamic banks paid greater attention to issues related to the functional aspects of their operations, which were designed mainly to achieve profits.

Based on the previous discussion and table (34) above, the trend of customers' view about the service provided by Islamic banks has become largely clear: that in contrast to the values, principles and objectives that were mentioned in their mission statement, Egyptian Islamic banks were perceived as better at functional services. However, these results do not mean that Islamic banks should not be good at functional services, but that the services rooted in Islamic values which existed during the establishment of these banks, and which were prominently mentioned in their mission statements, and have been recommended in several studies, were absent in the opinion of the majority of customers.

In the context of the Arabic and Islamic literature that has discussed the CARTER model; the significance to Islamic banks of providing distinctive banking services was stressed by several studies. In this context, the study of Othman and Owen (2001), who developed the CARTER model, stated that Islamic banks and/or managers/practitioners should be aware of cultural or religious dimensions, which

were loaded first in the analysis. In their study customers' views were consistent in their assessment because they clearly judged compliance as the most important dimension, although tangibility was also an important factor compared to the other dimensions.

Shafie et al. (2004), found that amongst all six dimensions included in the model, the compliance dimension was reported to be the most important by Bank Islam Malaysia Berhad (BIMB's) customers. Statements of "to deal with products that are run on Islamic principles", and "opportunity to get free interest loans" respectively were found to be the most important services. The importance to Islamic banks of placing culture at the forefront of their ideology, especially when providing service quality, was also stressed in this study.

In their study about the subject of service quality, Tahir and Ismail (2005) also stated that customers of both Islamic banks and insurance companies rated compliance as the most important dimension when assessing service quality. This result was also found by Ciptono and Soviyanti, (2007) in studying the CARTER items in the Syariah Bank, Indonesia. The authors mentioned that the banks' managers should be aware of religious factors which were loaded first and rated the highest importance in the scale.

Osman et al. (2009) used the CARTER model to investigate the perceptions of customers towards the quality of services of Malaysian Islamic Banks, Islamic foreign counterparts, and foreign banks that were providing Islamic products and services. Moreover, this model was used to identify the criteria used by customers in choosing a bank. Based on the results of this study a gap was found between customers' perception towards the quality of services and the dimensions that were most important from their point of view. The results showed that reliability, tangibility, and assurance took the highest mean value, while, in the area of choosing a bank, compliance was the only significant attribute that contributed to the choice of a bank.

The significance of the dimension of compliance also applied to customers of Islamic banks in Britain in a study conducted by Sadek et al, (2010). In this work,

among the highest six ranked items; five of them belonged to the dimension of compliance.

Moreover, supporting the idea that customers of Islamic banks rank services that are related to Islamic values and principles and the behaviour of employees more highly than the tangibility aspects, Tahir et al. (2008) examined the expectations and perceptions of service quality from the perspective the customers of Islamic banks. The results showed that customers' perceptions were consistently lower than their expectations. With regard to the negative gaps between customers' expectations and perceptions, among the nine largest gaps found, eight of them were related to Islamic principles and the behaviour of frontline employees.

6-3-3 Factor analysis

In this study the factor analysis of the modified CARTER model resulted in five instead of the six dimensions suggested by Othman and Owen (2001). However, several issues can be discussed through comparison of the results of this research (the modified CARTER model with five dimensions) with the original CARTER model (Othman and Owen, 2001), and other studies which used the CARTER model.

The original CARTER model (Othman and Owen, 2001), was built by adding the dimension of compliance with *Shariah* to the five dimensions of the SERVQUAL model. As a result, CARTER consisted of six separate dimensions, and in order to fit with the nature of Islamic banks, one of these dimensions was compliance with *Shariah* or Islamic "law". This means Othman and Owen (2001) considered that the compliance dimension reflected the Islamic perspective on the Islamic banking industry, especially in the area of service quality.

However, what can be seen here is that compliance with *Shariah* in terms of the legitimacy of financial transactions is only one factor in relation to Islamic values and principles. Thus, Othman and Owen (2001) represented the concept of Islam in one dimension, compliance with *Shariah* (Islamic law) in its narrowest definition. Thus, based on the original CARTER model, compliance was confined mainly to the concept of Islamic banks as organizations that do not deal with *Riba* (interest). All

this was from the theoretical point of view. From the practical point of view, and in order to examine the multidimensionality of CARTER variables, the following table represents the result of the factor analysis conducted by Othman and Owen (2002).

Table 33: Factor loading of the original CARTER model

Items	F1	F2	F3	F4	F5	F6
Run on Islamic principles	.88					
No interest neither paid nor taken	.58					
Provision of Islamic products and services	.86					
Provision of free interest loans	.80					
Provision of profit-sharing investment products	.60					
Politeness and friendly staff		.80				
Provider of financial advice		.75				
Interior comfort of KFH		.82				
Ease of access to account information		.75				
Knowledgeable and experienced management team		.43				
Convenience (short time for service anywhere)			.74			
Integrated value-added services using			.83			
Wide range of products and services provided			.57			
Security of transactions			.75			

More tills open on peak time			.76			
External appearance				.85		
Speed and efficiency of transactions				.75		
Opening hours				.69		
Counter partitions				.87		
Overdraft privileges on current account				.69		
Bank location					.74	
Bank's familiarity, reputation and image					.57	
Bank size in assets and capital					.53	
Parking available					.74	
Confidentiality of Bank					.82	
Confidence in Bank's management					.78	
Products and service profitability					.70	
Lower service charge					.69	
Knowledge on customer's business or willing to help						.64
Availability of credit on favourable terms						.76
Branching						.68
Fast and efficient counter services						.79

As can be seen from the table above the six factors were found under the umbrella of the same category of the original CARTER model; namely F1 Compliance, F2

Assurance, F3 Reliability, F4 Tangibles, F5 Empathy, and F6 Responsiveness. In the same context, Tahir et al. (2008) conducted a factor analysis for 26 out of the original 33 attributes suggested by Othman and Owen (2001). The factor analysis resulted in six dimensions. Although in Tahir et al.'s (2008) study the number of items was different from that of Othman and Owen (2002), the six dimensions were also termed compliance, tangibility, reliability, responsiveness, assurance, and empathy. Factor analysis was also used by Ciptono and Soviyanti (2007) to examine the multidimensionality of CARTER items in the Syariah Bank in Indonesia. In contrast to the two previous studies, the CARTER model here was comprised of eight dimensions (CARTER+ 2C- Compliance, Assurance, Reliability, Tangible, Empathy, Responsiveness, Competence, and knowing the Customer or Customer Intimacy) with 32 items. The additional 2Cs (Competence, and knowing the Customer or Customer Intimacy) were considered by the authors to be the dimensions associated with professional hospitality.

However, what can be stated with regard to these studies is that although there were similarities and differences between these studies in terms of the number of dimensions and items, the dimension of compliance was found separately in each of these studies. However, in contrast to the wider view of Islamic values and principles, they were largely represented in a single dimension, which was compliance with Islamic law.

In comparison the current study resulted in five dimensions (customer praxis, reliability, Islamic banks' message, tangibility, and responsiveness), where the values and principles underpinning Islamic Banking were distributed more widely across different dimensions of service quality, and there was no one single dimension which could be named compliance. In other words, the result of this factor analysis shows that Islamic banks need to deal with values and principles that encompass several issues, one of the most important being dealing with customers represented in the dimension of customer praxis. Islamic values have a relevance to each dimension of the CARTER model, as outlined below:

The ability of the Islamic banks to provide services that distinguish them from other banks, such as the *Qard Hassen*, is considered to be an important issue, as found in the dimension of reliability. These issues led to the third dimension, which is

concerned with Islamic banks' message in terms of issues such as supporting poor people by the particular Islamic method of *Zakat*. Finally, in spite of their less important significance compared to other dimensions, tangibility and responsiveness were among the dimensions that form the concept of service quality in the area of Egyptian Islamic banking industry.

The result of the factor analysis of this study is consistent with the wide, holistic, and undivided perspective of Islam concerning business in general, and services provided by Islamic banks in particular. The result of the factor analysis reflects the view that Islamic values and principles were represented across the ability of Islamic banks to provide services that are wanted by their customers, represented in the empathy of their employees especially frontline employees with their customers, in raising the mechanism of Islam in financial transactions, especially regarding poor people, and also the availability of tangible assets. The previous discussion reflects the view that in areas such as service quality, following Islamic values and principles should not be limited to one single dimension or a few items. These values have to exist and reflect the distinctive and holistic view of Islam.

In general, what can be seen with regard to the dimensions found through factor analysis in this study is that Islamic values existed and were represented throughout the categories of the modified CARTER model. Nevertheless, dealings between employees, especially frontline employees and customers were represented in the dimension of customer praxis. This factor explains the highest percentage of variance and concerns the ability of Islamic banks to provide the distinctive services they advertised, and raising Islamic banks' message, it plays a vital role in understanding the concept of service quality in the context of Islamic banking industry. Therefore, and as mentioned before, to extend, develop and explore how frontline employees, as the delivery mechanism, helps to create service quality and how their values influence this and provide an insight into the generation of Islamic service delivery: the next section aims to present and discuss the interviews conducted with frontline employees of Egyptian Islamic banks.

The aspects seek to summarise customers' views about services provided by Egyptian Islamic banks as organisations, which have a distinctive meaning to the

concept of service quality from an Islamic perspective. Based on customers' views, (and similar to the views of studies conducted in Arabic/Islamic literature and the views of employees mentioned previously), it can be concluded that customers views regarding service quality were also generally narrowed to the traditional and the legal components of service quality.

The positive views of customers regarding the traditional or day-to-day services were clarified in several areas, and the ability of Egyptian Islamic banks to perform be these services well was confirmed in all these dimensions. The more the services were close to the traditional aspects the more the scores given by customers were positive.

This discussion applies also to the views of customers regarding the qualities of frontline employees in terms of having other skills beside the traditional ones, and being an example of a practising Muslim.

With regard to the another component of service quality suggested in this study, which is compliance with *Shariah*, customers' views were generally in agreement that Islamic banks paid considerable attention to the issue of applying the legal aspects of *Shariah*. However, although services such as providing social and cultural support to poor people, providing *Qard Hassen*, and the effectiveness of Zakat were prominently mentioned in the mission statements of Egyptian Islamic banks, customers perceived them to be ignored.

Finally, there is an overarching message which arises from this research, and it is one of the failures of Islamic banks as organisations - of which the employees are a part. This has also been referred to by several authors. For example, Saeed (2004) stated that Islamic finance today in terms of its practical perspective does not meet the early and idealistic views of the 1960s. Naser (2004) agrees with the work of Saeed (2004) by mentioning the wide gap between ideal Islamic practice and the reality of modern economic life in some Islamic countries. Rahman (2007) goes further by stating that the profit criterion always supersedes social obligations. He believes that Islamic banks have become capitalist in their nature, merely seeking profit. Asutay (2007) reinforces the ideas of the previous authors. He says that the reality of Islamic finance today does not reflect the aspirations of Islamic philosophy, nor does it fulfil

the hopes and desires of many Muslims, for whom Islamic finance was proposed as the ideal approach. A strong criticism has been made by Al-Qaradawi, who is considered among the earliest and most influential scholars in establishing and supporting financial institutions that reflect the philosophy of Islam. He recently stated that Islamic banks have become captive or hostage to the profit motive in which the Islamic method of *Murabaha* (mark-ups on sale), which is an issue of controversy or argument between scholars, represents the vast majority of Islamic banks' activities (Al-Qaradawi, 2010).

Another issue where there is misunderstanding of the Islamic perspective is the issue of women at work. In this context and based on the findings chapter, most frontline employees were men. Put simply women were not allowed to work at the Faisal Islamic bank. This issue reflects a narrow vision of Islamic banks, especially the Faisal Islamic bank, in understanding the philosophy of Islam and its values in their wider meaning. As mentioned in the literature, from an Islamic legal point of view women are allowed to work as long as they respect the conditions related to their job. This situation has lead to difficulties for some female customers in dealing with this bank, which was reflected in the dialogue between the author and a large number of customers. Such failure in understanding this point is related to the *Sharia* supervisory board of the Faisal Islamic bank.

This point leads to another failure, which is a failure to create an environment where communication between the management and their frontline employees is open and reciprocal, and in which the management understands the significant needs of their employees. In this context, the role of the *Sharia* supervisory board was mainly to advise the management in resolving financial issues and making *Fatwas* regarding new services or products. The few training programmes provided to frontline employees were mainly related to IT training, and accounting matters. No attention was paid by the *Sharia* supervisory boards to issues which have distinctive meaning in Islam, such as service quality from an Islamic perspective, or explaining to frontline employees the wider mission of Islamic banks towards their customers and society in general, in terms of representing the perspective of Islam in the banking sector.

This point also leads to another failure concerning the vital role of frontline employees as an element in the process of enacting services; and in this context, the management of Islamic banks appears not to have understood its significant role. The issue of not understanding the vital position of frontline employees also applied to the employees themselves. For example, and as witnessed by observing bank transactions and as mentioned by a number of customers, some employees, in addition to not following managerial structures, also showed a lack of respect for Islamic values and principles by smoking at their place of work. Although the bank has a responsibility here, employees also have their own responsibility to represent the qualities of a practicing Muslim in a place that is supposed to be an example of Islamic perspective seen in action.

What can be noted in terms of the previous discussion is that although the failure in applying the Islamic perspective is a general issue in the Islamic literature, based on the findings of this research each party has its own distinctive failure in understanding the Islamic perspective. As an example, whereas on one hand the Faisal Islamic bank employed only men, and this bank throughout its branches was concerned to provide a prayer area and making *Adhan* (call to prayer), stopping financial transactions during this time as a means of showing concern for creating an Islamic environment, the Al-Barka bank on the other hand was not concerned with creating such an environment, and some women who worked in this bank were not committed to Islamic perspective in terms of a number of issues, for example, some women did not wear the *Hijab* (veil) and wore, in fact, clothes more Western in style.

In an attempt to identify the reasons which led Islamic banks to understand the Islamic perspective in an inappropriate way, Saeed (2004) suggests that such thinking predominates among Islamic bankers for a number of reasons, the most important of which appear to be as follows.

First, Islamic banks function in an environment in which they are competing with interest-based institutions, and therefore the feeling among many Islamic bankers and financiers is that they have to provide the same types of services and investment mechanisms to their clients.

Second, many Islamic bankers, financiers, and economists are graduates of modern "Western" economics, regardless of whether they previously studied at a Western university or a university in a Muslim country, and their experience at times leads them to think that in order to survive, Islamic finance must follow Western practice to some extent.

Third, most Muslim government policies on banking, finance, and economic matters rely largely on Western approaches and models, and view any deviations with suspicion. In this study, the failure in understanding and representing Islamic philosophy and values applied also to the frontline employees of Egyptian Islamic banks, because that they were not able to create an environment where customers felt they were treated as "beyond customers", meaning customers being treated as valued friends.

In spite of the previous discussion, Islamic banks, including Egyptian Islamic banks still promote the importance of their own values being rooted in Islamic philosophy, which they believe makes them distinctive in their "Islamic" features. As an example of this point, the following paragraph represents what Al-Baraka banking group, which includes Al-Baraka bank Egypt, state in their mission statement:

"Beyond banking.

Our philosophy is our mission.

The concept of Al-Baraka banking group's unified corporate identity is the result of revisiting the values that lay behind our original vision statement and not just the horizon end-result as one sees it - an exercise that was to convince ourselves that those values ought to be represented as an integral part of our vision. This does not mean that our original vision, of becoming the leading worldwide Islamic banking group offering the full range of banking products in accordance with *Shariah*, no longer applies. It means that in prioritizing our values and raising them above the mere attainment of corporate size and product range and delivery, we believe that we will expand naturally and as a matter of course, as we build the kind of relationships with our customers which are based on true partnership with them" (Al Baraka Banking Group, 2008).

The previous discussion about the failure of Islamic banks to apply the Islamic perspective may be seen as a kind of conflict with the rapid growth achieved by these banks, as mentioned in the literature review. In response to this point, the following paragraph provides and suggests the key reasons for the absence of such conflict.

As mentioned by Asutay (2007), the petrodollar played an important role in the development that has taken place in the number of Islamic financial institutions, and their asset bases. He added that Islamic finance was a victim of its own success; its rapid expansion made it grow too fast and far. While developments in the discourse of Islamic economics have been weak, the emerging wealth in the Muslim world, particularly in the Gulf region, has forced Islamic finance to develop beyond the framework of Islamic economics, which has resulted in weak implementation of its principles. In this context, based on Asutay's ideas and applied to Egyptian Islamic banks, the area of concern of this research, what can be argued by the author regarding these banks is that since the board of directors of the two Egyptian Islamic banks consist mostly of investors from Saudi Arabia, the rapid financial growth claimed by these banks might be in essence due to the support provided by investors from this country. Also, what can be suggested regarding the popularity and the wide spread of Islamic banks, although they were established only a short time ago, is that customers of these banks are still waiting for the objectives and service advertised by these banks in terms of providing services distinctive from other banks.

Finally, if these services are not being provided and the concern of these banks is only an adherence to Islamic "law", this popularity will not be secured in the long term, when the numbers of non-Islamic banks providing services that are acceptable to Islamic law have increased. Thus, with regard to issues such as service quality, Islamic banks in general and Egyptian Islamic banks in particular, still have the time to recognise the vital issues in this context. Thus, what can be seen is that in supporting the perspective of some scholars such as Osman et al. (2009), in order to represent the perspective of Islam, especially in areas such as service quality, and to obtain the satisfaction of their customers and achieve a competitive advantage, Islamic banks should not only rely on their "Islamic" image to attract customers. They also have to practise this perspective in their daily work activities. Otherwise

focusing on functional services at the expense of the services rooted in Islam might suggest that from the practical point of view Egyptian Islamic banks are primarily "commercially rooted".

6-4 Summary

This chapter was aimed at presenting and discussing the findings that were generated from analyzing the primary data (employees' interviews and customers' questionnaires). It began by discussing the employee interviews regarding a number of principles of work from an Islamic perspective, especially in relation to the concept of service quality. This was followed by a discussion of the customers' view regarding the dimensions and items of the modified CARTER scale, employing factor analysis to determine their concept of service quality.

With regard to the employees' views of the principles of work from an Islamic perspective, it was clear that in general the employees interviewed lacked a distinctive view of work from an Islamic perspective, and that their motivation were similar to what would be found amongst most employees in conventional banks. It was only when the final question was asked, specifically relating service quality to Islamic faith, that respondents mentioned the Islamic roots of service quality. Many made reference to more than one *Hadith* of the Prophet, and acknowledged the responsibility of Muslims to bring quality to their work as an act of faith.

With regard to the views of customers about the ability of their banks to provide quality service, their responses can be divided into two parts. They were positive about the ability of their banks to provide quality service in terms of the traditional or functional aspects of the services provided by these banks. In terms of the services rooted in Islamic values, customers were positive about the banks' compliance with the legal aspects of Islamic banking; they were clearly negative with regard to services which have a distinctive meaning in the Islamic context. The results of the factor analysis indicate that the current study produced five dimensions, and that the items of the dimension concerned with compliance to Islamic law were distributed through the other dimensions.

Chapter Seven

The conclusion chapter

7-1 Research overview

The aim of this chapter is to set out the main findings of the study. This chapter also makes recommendations to enhance the performance of the Egyptian Islamic banking sector, identifies contributions made by this research and the limitations of the study, and finally sets out a number of ideas for future research in the area of the service quality of these banks and related to service quality in general. In order to do so, the research question and objectives should be reviewed.

To recap, the research question was formed as follows:

How is the concept of service quality viewed from an Islamic perspective?

In order to help answer this question, four objectives were formed, as follow:

1- To construct from the literature an initial conceptual framework of service quality from an Islamic perspective.

2- To investigate the dimensions of service quality by using the modified CARTER model from the perspective of customers.

3- To explore a number of the concepts of principles of work and particularly the concept of service quality among frontline employees of Egyptian Islamic banks.

4- To provide recommendations and suggestions for the delivery of service quality in Islamic banking.

However, as mentioned earlier in this research, there are other non-Islamic organizations or people who are also concerned with applying values or ethics in their daily work life; therefore, while Egyptian Islamic banks are considered as a particular case in this research, the results presented here may have wider application.

Based on the previous explanation of the Islamic perspective in the area of delivering service, questions can be raised about the existence, understanding and practical aspects of this conceptual point of view. As a response, the following section aims to explain in more detail the conceptual framework of service quality in the Islamic

context and the practical aspects of it applied to the two Egyptian Islamic banks studied.

7-2 Service quality in the Islamic context - the conceptual and practical aspects

Based on the components of service quality in the Islamic context suggested in this thesis, for the most part Egyptian Islamic banks have not fully understood this framework nor integrated the Islamic values and principles associated with this process. This misunderstanding has impacted on the practical aspects of delivering service in the two Egyptian Islamic banks, which reflects a general trend in this industry. In order to explain more fully this result, this section presents the conceptual framework and practical aspects of Islamic banks as organizations and their individuals. The initial conceptual framework of service quality in the Islamic context outlined in chapter two has been revised in the light of the findings of the empirical research. This framework is derived from two major sources.

The first source is previous research on service quality and writings from Islamic literature. The second is based on the empirical results of this research and in particular the views of frontline employees and customers. However, the theoretical landscape offered by previous research and writings and the empirical findings were similar in general. The material illustrating the practical aspects is drawn from customer questionnaires and employee interviews. Also, as supportive tools, this material included field notes taken whilst conducting the research, and the dialogue which took place between the researcher and customers, staff, and management of the two Egyptian Islamic banks.

Islamic philosophy and banking practice

The philosophy of Islamic banks in the area of service quality is about understanding the Islamic perspective in its wider meaning. In this context, a number of issues need to be understood by Islamic banks, for example:

- ***Maqasid Al-Shariah*** **(objectives of** ***Shariah*****)**

What can be said with regard to the wider concept of *Shariah* in the context of financial transactions is that understanding the concept only in terms of the legal side of Islamic financial transactions, which is the one most widely used, has to be

reviewed. What should be understood is *Maqasid Al-Shariah* includes Islamic values and principles in their wider meaning. Indeed, *Maqasid Al-Shariah* reflects the holistic view of Islam. As Islam is a complete and integrated code and its goal encompasses the whole of life, the individual and society, in this world and the hereafter, it must be viewed as such. In the context of the financial industries, the legal side of *Shariah* that governs financial transactions was established in order to protect and enhance the existence and practice of Islamic values and principles. Therefore, understanding *Shariah* by only focusing on the issue of interest is a restrictive view and needs to be changed. As regards the area of service quality, Islamic banks need to recognise the wider perspective of *Shariah*. Values such as the social responsibility of Islamic banks, helping in the distribution of Islamic knowledge among their employees and customers and helping people in need, have to be taken into account during the banks' daily work (Dusuki and Abozaid, 2007; Dusuki, 2008).

- **Praxis of a philosophy**

The previous discussion therefore is about how to translate a particular philosophy into the area of financial transactions in general and service quality in particular. In this context, and clearly linked to this idea, customers of Egyptian Islamic banks identified that customer praxis, or the process by which a philosophy or idea is enacted, practiced or embodied was the most important dimension of the concept of service quality. This result was found in the factor analysis, where customer praxis represented the most significant dimension explaining the nature of service quality. Thus, these banks have to recognise that the most important issue in the area of enacting service is how to translate Islamic philosophy and values into action, particularly in relation to employees. This praxis could be achieved through employees, especially frontline employees embodying and practicing Islamic philosophy and values in their dealing with customers. Values such as *Itqan* and seeking to be seen as a "close friend" by customers should be clearly understood by these employees. It could also be achieved by providing the distinctive services advertised through the mission statements of Egyptian Islamic banks. Thus, praxis in its wider meaning includes several matters, from the process by which the

philosophy of Islam is translated into action, to the specific issue of direct interaction between frontline employees and customers.

- **The message of Islamic banks**

Customers believe that Islamic banks should have a distinctive message.
In this context, the message of Islamic banks is not only related to providing service that is acceptable within Islamic law, but it extends also to enhancing and supporting issues such as helping needy people, through for example *Zakat* (alms). In this way, Egyptian Islamic banks could help in creating an environment where employees, especially frontline employees, would be able to help and support their customers by, for example, providing financial advice to assist customers in managing their financial matters. The previous idea leads to the message that should be understood by Islamic banks: that they should contribute in the distribution of Islamic financial knowledge in its wider meaning. Thus, the message of Islamic banks to their customers, local society, and the wider world should not only be limited to issues such as applying Islamic law in terms of its legal aspects, but should include support for values such as equity among people.

- **The balance between providing functional and distinctive Islamic services**

The previous discussion does not seek to suggest that Islamic banks are charitable organizations. Islamic banks are financial organizations, which results in them having to provide a wide range of goods and services, while providing the distinctive features of Islamic banking mentioned previously. This issue identified by customers and discussed in the financial Islamic literature is about the ability of these banks to provide a wide range of goods and services, including those that distinguish Islamic from other non-Islamic banks. In this context, as well as providing services that in essence have their roots in the traditional banking sector, other services that have their roots in Islamic values such as *Qard Hassen* (Interest free loans) and *Takaful* (Islamic insurance) should be offered. In other words, the discussion is about the balance that has to be found between providing functional or day-to-day services and the distinctive services advertised by Islamic banks in their mission statements. This arises from the Islamic philosophy in which Islamic banks have distinctive features, missions, and environments in which they work (Al-Qaradawi, 1995; Al-Ajmi et al,.

2009). Understanding and accommodating this balance requires a kind of policy that is wide and flexible towards the different financial approaches, but at the same time acceptable within Islamic law.

- **The importance of tangibility**

The previous discussion about the balance between providing different kinds of services and not focusing on one single aspect leads to a particular point mentioned by customers and highlighted in the factor analysis, related to the position of the tangibility dimension. Although customers identified tangibility as being among the dimensions representing the nature of service quality in the Islamic context, it was seen as less important than customer praxis, the message of Islamic banks, and the balance between providing functional and distinctive Islamic services.

- **The role of the *Shariah* supervisory board**

In the context of identifying the philosophy of Islamic banks in the area of service quality and how this philosophy would be understood and practiced in an appropriate way, the significant role of the *Shariah* supervisory board related to the subject of service quality should be reviewed. In this context, the distinctive features of this board should not only be limited to its views regarding the legitimacy of new goods and services, or those that are already provided, but these responsibilities should also include supporting and helping to enhance Islamic philosophy in its wider meaning among employees of Islamic banks, their customers, and society in general. Moving on from the conceptual aspects of the first element, to its practical aspects, the following paragraph begins with the point of understanding the concept of *Shariah.*

- **The issue of understanding the concept of *Shariah***

As mentioned previously, understanding the concept of *Shariah* in its wider perspective in areas such as service quality includes several issues related to Islamic values and principles such as social responsibility, contributing to the distribution of Islamic financial knowledge, and applying Islamic law in all operations. The results of the current study indicate that, in general, from the customers' perspective this understanding was largely absent. What is understood from the customers' view of Egyptian Islamic banks is that the dimension of compliance, considered to be the distinctive feature of the CARTER model, and which mainly consists of Islamic

values and principles, took the lowest mean value. This means that from the perspective of customers the Islamic values and principles were absent from the services belonging to the compliance dimension. Moreover, this absence was more evident in relation to services which were rooted in Islam. These had a lower mean value compared to services within this dimension that were closer to the legal aspects of financial transactions. In other words, in the view of customers and in relation to services that in essence had their roots in Islamic values; the highest scores were for items that were mainly related to the legal side of financial transactions. Thus, what appears here is that the wider concept of *Shariah* in areas such as service quality was represented only in a narrow definition of this concept, namely, the legal side of financial transactions. In contrast to customers' views resulting from the factor analysis which show that the dimension of tangibility had the lowest position in terms of its importance, this dimension had the highest score in the CARTER model in terms of customer approval. This surprising result could mean that Egyptian Islamic banks had tried to create a good impression about aspects of tangibility which they believed would achieve a good level of service quality.

- **The balance between functional and distinctively Islamic services**

The previous discussion, in terms of the absence of an understanding of the appropriate meaning of the concept of *Shariah* in the area of service quality, applied also to the issue of balance between providing functional or day-to-day services and the distinctive services advertised by Islamic banks in their mission statements. In this context, this absence was borne out by analysis of the modified CARTER, whereby it was split up into distinctive items that are in essence rooted in Islamic values and principles on the one hand, and functional items on the other. From the perspective of customers, there were significant differences between the two. In this context, in general, most customers gave the responses "neither agree nor disagree" or "disagree" to services belonging to the core Islamic values like *Zakat* and helping needy people, while they gave the responses "agree" or "strongly agree" in relation to services belonging to the functional items. Thus Egyptian Islamic banks have failed to achieve a balance between providing the two parts, and in the view of customers of Egyptian Islamic banks, the Islamic values that existed and were vital

during the establishment of Islamic banks, and which are often shown in the mission statements and web-sites of these banks, are largely absent from operational practice.

- **The role of the *Shariah* supervisory board**

The failure of Egyptian Islamic banks to understand the issue mentioned above leads to a discussion regarding the role of the *Shariah* supervisory boards of these banks in relation to the area of service quality. Here the discussion is not only related to the role of these boards towards frontline employees, but also their role in the banks in general in terms of explaining the appropriate meaning of *Shariah* and its real objectives, and reminding Islamic banks about their distinctive responsibility towards society in general. In this context, issues such as the necessity of providing distinctive social and cultural services, and the importance of opening a channel of communication with their employees and society in general should be confirmed by this board. With regard to the role of the *Shariah* supervisory board towards frontline employees, the process by which the Islamic philosophy or values is embodied, enacted or practiced by these employees should also be supported by Islamic banks themselves through their *Shariah* supervisory board. Thus, this board in general has religious and functional responsibilities to enhance the practice of these values among their employees, especially their frontline employees. Nevertheless, from the interviews conducted with frontline employees, it was clear that Islamic banks as represented in their *Shariah* supervisory board had failed to support the frontline employees in instilling and practicing the values of Islam, such as their religious duty in terms of doing their job at the level of *Itqan* recommended by the Prophet. In general, the role of this board in both banks concentrated mainly on the legal aspects of financial transactions. The discussion about frontline employees leads to their role in delivering services. The next paragraphs discuss this role in more theoretical detail.

The role of frontline employees

In order to deliver services to customers in an appropriate way, the role of employees, especially frontline employees, is an important element (Mattsson, 1994; Benoy, 1996; Yavas et al 2003; Joseph, 1996; Mishra, 2010). Building an environment where service quality is achieved is a difficult issue if frontline employees do not understand and match the philosophy of the organization. The

frontline employees through their position have the scope to build a good relationship with customers (Rust et al., 1996; Yavas et al, 2003). This is also the case in the banking sector, which is the concern of this research (Bitner, 1990; Joseph, 1996; Metawally and Almossawi, 1998).

Despite the vital role of frontline employees being well documented in the literature, some organizations are still not learning from experience (Johnston and Mehra, 2002, cited in Karatepe and Sokmen, 2006). In this context of highlighting the importance of the role of the frontline employees, the idea of considering the employees as "servants" has to be replaced by the idea of the employees as "customers" (Rust et al., 1996). In the context of the subject of this study, service quality, this suggests that the issue of service quality is not only a matter of employees' relationship with customers, but also the relationship between management and employees, and the organization and its workforce.

Regarding the Islamic banking industry there is a lack of research concerning the role of frontline employees, in particular the influence of Islamic values on the behaviour of these employees. In this context, the role of frontline employees, especially in terms of translating the philosophy of Islam into operation, has other distinctive aspects. Alongside considering the commercial aspects of transactions, frontline employees are seen as a reflection of the Islamic philosophy and values in which work is considered as "worship" (Ali, 1992; Al-Qaradawi, 1995; Saeed et al., 2001; Ali and Al-Kazemi, 2007; Ali and Al-Owaihan, 2008) and *Itqan* (quality) is considered as a religious as well as a functional duty (Al-Qaradawi, 1995; Oukil and Ayar, 2006; Chachi and Latiff, 2008). This situation gives the role of these workers other dimensions and responsibilities beside the broader commercial aspects of business.

Therefore, these ideas or values, especially the value of *Itqan,* have to be fully understood, instilled, and embodied by workers of Islamic banks, especially among frontline employees. These employees should recognise that in addition to being a place where financial transactions are provided, Islamic banks should be seen by frontline employees as a place where Islamic values are practiced. In addition to following commercial instructions when performing a job, these values require

frontline employees to extend their common role by being an important element in representing the perspective of Islam, in which they should embrace distinctive qualities and attitudes that bring them closer to customers and see them as "brothers". This requires frontline employees to go beyond the commercial aspects of their dealing with customers and add other aspects to create an environment where both functional and religious objectives are achieved.

To investigate the previous ideas, the following paragraphs discuss the practical aspects of understanding these ideas among frontline employees of Egyptian Islamic banks. What can be argued in this context is that frontline employees failed to understand the wider philosophy and values of Islam, and subsequently to practice them through the process of delivering service.

According to the results of the empirical research, these employees were perceived as good at a number of issues found in the CARTER model related to the process of service quality in terms of day-to-day services; however, these services did not reflect the wider perspective of Islam or the aspirations of customers to deal with employees who consider direct interaction as an opportunity or bridge to the practice of the values of Islam. In this context, although in their interviews frontline employees confirmed the Islamic roots of several issues such as the concept of *Itqan*, in which delivering service with high quality is considered as a religious and functional duty, in fact in the opinion of customers they did not fully embody nor consequently practice them in their dealings with customers, and to a large extent, they followed the Western approach to the concept of service quality.

An example of this is the issue of empathy; Islamic values urge frontline employees for example to consider customers as "friends", so that the transactions between them reach a stage where these employees provide financial advice to their customers. By this statement the author does not wish to give the impression that the Western approach is wrong or negative in any way. What can be suggested here is that the failure by frontline employees to understand fully the service quality mechanism can be related back to a misunderstanding of the "moderation approach" that was recommended by the prophet Muhammad in dealing with the general principles of work. Such a misunderstanding does not provide a basis on which

employees' can consider the situation in which they work as a part of their religious and functional environment, nor does it help them to realise that success in delivering services in an appropriate way from the Islamic and functional perspective to achieve both the functional and religious objectives. What can be seen here is that in order to embody the Islamic philosophy and values, especially the concept of *Itqan*, Islamic values and principles are supposed to be understood not only by Islamic banks, but also the employees who work in these banks; especially frontline employees, due to the vital role which they play in the process of delivering services. People in general see these employees as a reflection of Islamic values, and that the worker has not only to consider the business side of transactions, but has also to be a close friend to their customers and contribute to the distribution of Islamic financial knowledge, and deal in a way that pleases Allah. Here it is not just a question of the employee obeying a list of instructions from the employer, but rather a question of individual, innate, religious responsibility which can be seen by society as good Muslim practice.

Service quality in an Islamic context

Based on the previous argument, the question which should be raised is how service quality should be conceptualized in the Islamic context. Before arriving at this conceptualization, a review of the Arabic and Islamic literature is relevant.

In order to reflect different cultural and religious aspects, in Arabic and Islamic literature on service quality an extra dimension is added to the dimensions of SERVQUAL, which is compliance with *Shariah*. However, what can be argued here is that *Shariah* is represented in its most narrow definition, concentrating especially on the legal aspects of service provision, whereas *Shariah* in its wider meaning includes other issues, such as social responsibility and creating an environment where the Islamic philosophy in the area of service quality is applied.

Therefore, based on the previous discussion, the nature and number of dimensions which reflect the issue of service quality in the Arabic and Islamic literature are similar to those are found in SERVQUAL, the most widely used scale. In this context, in the gap model, which consists of five gaps reflecting the issues of service quality, attention was mainly paid to gap five, which is about the role of customers in

terms of evaluating the level of service quality. This leads back to the point about the banks' lack of consideration of customers as a co-operative element in addition to their main role, and the importance of the role of frontline employees in the process of delivering service.

Finally, the concept of service quality should have a distinctive position in the Islamic context. Theoretically, and since the values and objectives of the Islamic bank as organizations and their individuals emanate from two main sources; the Quran and *Sunna,* they should be united in the aim of practicing the codified Islamic philosophy in a particular area, which is service quality.

The re-conceptualization of the service quality of Islamic banks should reflect the distinctive view of Islam in this area by integrating the Islamic perspective in its wider meaning into the process of delivering services. This perspective should not be limited to one single dimension such as compliance with *Shariah*, or one single factor such as interest. With regard to the process of delivering service, it is a philosophy translated into operation by employees, especially frontline employees, as perceived by customers who are also considered a co-operative element.

In more detail, in relation to the element of the philosophy of the Islamic banks, what should be said is that Islam is not only a religion represented in how to live according to *Shariah* law, but also an approach to the whole of life. Islamic banking has to be seen as a value-based system, which primarily aims at ensuring the moral and material well-being of the individual and society in general.

The perspective of Islam that has represented the foundations of the establishment of Islamic banking is multidimensional. It is more than a simple alternative to interest-based economic activity. Issues such as social responsibility play a greater role in the economy and are significant pillars of the objectives of *Shariah*. Islamic banks have to distinguish themselves by understanding and applying the perspective of Islam concerning financial activities.

The narrow view of the Islamic perspective, which focuses only on the legal aspects, can be applied also by non-Islamic banks that have now opened what they call "Islamic windows", which provide services that are acceptable under Islamic law.

The distinguishing feature of Islamic banks is their distinctive perspective, which stem from the Quran and *Suuna*.

This discussion also has to be understood by employees of these banks, especially frontline employees. These employees are supposed to be a good reflection of the ideal Muslim practice, especially during their transaction with customers, in highlighting values such as truth, love, and brotherhood, in order to please Allah and achieve success in this world and hereafter. Otherwise the Islamic bank industry may lose the competitive advantage of being an "Islamic" organization, and they will not be able to sustain their growth, which they have achieved in the short term, because customers will see that there are no differences between Islamic banks and non-Islamic banks, whether in terms of the bank itself or its employees.

If the issue of service quality were to be conceptualised succinctly, praxis or how a particular philosophy in its wider meaning is understood and practiced, would be the core of this concept.

7-3 Service Quality- general view

The debate about the conceptualization and measurement of service quality began in the 1980s. Service quality is difficult to measure objectively, since services have been described as intangible, heterogeneous and inseparable (Zhao et al., 2002). The debate is still ongoing and has not yet reached a conclusive point.

In the early 1980s, the impetus to measure and evaluate service quality arose from the marketing discipline. Recognizing the centrality of customer perceptions of service quality, academicians sought to devise methods to assess customer views of service quality empirically (Cook and Thompson, 2000). A number of different scales have since been developed to measure service quality.

The recognized leaders in this endeavor were Parasuraman, Zeithaml, and Berry, whose groundbreaking research led to the development of the SERVQUAL instrument (Grapentine, 1998). The SERVQUAL scale has been used in studies on different issues concerning service quality and in a variety of different industry and culture settings (Lai et al., 2007).

Since the SERVQUAL scale is the most widely used, including in Arabic and Islamic studies, and due to the fact that the CARTER model, which was modified in

this study, was developed by adding compliance with *Shariah* to the five dimensions of SERVQUAL, the discussion regarding the concept and measurement of service quality is mainly related to the SERVQUAL scale.

As mentioned before, the contribution provided by PZB in the early 1980s, in the area of service quality, is well recognized. Based on the principle that excellent service is a genuine key to a better future, PZB were among the first pioneers to be interested in answering questions related to service quality's definition, the causes of service-quality problems, and what organizations can do to solve these problems and improve their services.

Moreover, questions which face organizations to begin their service-quality journey, such as how organizations move beyond conformity to popular practices, interruption to service quality, internal resistance to change, and the constant pressure for short-term earnings growth were also points of interest to PZB (ZPB, 1990, p.135). PZB confirmed that believing in the importance of providing excellent service quality is not enough; executives who are truly dedicated to service quality must put in motion a continuous process for monitoring customers' perceptions of service quality, identifying the causes of service quality shortfalls, and taking appropriate action to improve the quality of services (ZPB, 1990, p 135). The intention of PZB was that service quality should not be an amorphous or mystical idea. Through the framework of their research, they attempted to convey that service was definable, measurable, and improvable. Executives must assume a responsibility for service leadership to inspire people to be the best they can be; while providing the systems, tools, and technologies to facilitate their work; they should remove unnecessary obstacles and discouragements from their paths; allow them the freedom to truly serve their customers and build internal cultures of teamwork, congruence, and achievement (ZPB, 1990, p.172).

Taking into account the difficulties customers face in evaluating service quality compared to goods quality, and how this is influenced by many elements, PZB attempted to deal with these issues by developing a managerial, applicable, universal and practical scale that captures the different aspects of service quality. This scale can be used by organizations to understand and improve service quality, and develop

specific and practical guidelines for improving service. As a result, a major outcome of their research was the SERVQUAL scale. PZB suggested that SERVQUAL was designed to be applicable across a broad spectrum of services. As such, it provides a basic skeleton through its expectations/perceptions format encompassing statements for each of the five service–quality dimensions. The skeleton, when necessary, can be adapted or supplemented to fit the characteristics or specific research needs of a company.

SERVQUAL was originally developed by PZB with the intention of studying the subject of service quality in its wider meaning. In this context, PZB (1985) argued that the comprehensiveness of the "gaps model" stems from "delineating various organizational shortfalls within a company, which contribute to the external gap between customers, expectations and perceptions" (Parasuraman, 1995, P.158).

Therefore, many elements influence or determine the concept of service quality in which this concept is not "just" something delivered from someone to another. PZB were aware of the complexities of service quality concepts, its operations and measurement, and attempted to reflect this in the development of their measurement instrument, which they suggested would be a managerial, universal and practical instrument that would deal with these problems.

What can be argued here is that the process of dealing with the complexities of service quality and its measurement when creating a universal scale required PZB to reduce huge amounts of data gathered about service quality in a whole range of different services down to a set of common statements reflecting the majority of services. This process of reduction almost guaranteed the elimination of much detail unique to particular services and resulted in a concentration on those factors common and relevant to the majority. Therefore, a shortcoming of SERVQUAL is that the distinctive and intangible services, which were more troublesome to measure, were lost. Therefore, the comprehensiveness of SERVQUAL was reduced to a narrow view that mainly reflected customers' expectations and perceptions.

As such, it could be argued that the good intentions of PZB were not fully realised in the final outcome that was the SERVQUAL instrument. This raises questions as to just how generalizable SERVQUAL is across different contexts. Where are the

distinctive features of services, for example, in terms of cultural and religious values? In this context the overwhelming majority of studies underlined a number of fundamental drawbacks to the instrument, in which the construct of service quality is considered to be a function of the type of industry (Cronin and Taylor, 1992; and Babakus and Boller, 1992; Buttle, 1996; Coulthard, 2004; Amin and Isa, 2008), cultural contexts (Lewis, 1991; Ioannou et al, 2003; Sangeetha and Mahalingam, 2011), or even company specific context (Robledo, 2001). Therefore, SERVQUAL cannot be considered a generic instrument for measuring service quality. The findings of this research enrich this body of knowledge and provide further evidence that the nature of service quality is influenced also by a religious context.

In the light of criticisms, including differences in the dimensions across different contexts, Parasuraman et al. revised the original instrument of SERVQUAL (PBZ, 1991, 1993, 1994). Parasuraman et al. (1991, p.445) recommended that "since SERVQUAL is the basic `skeleton` underlying service quality; it should be used in its entirety as much as possible. While minor modifications in the wording of items to adapt them to specific setting are appropriate, deletions of items could affect the integrity of the scale and cast doubt on whether the reduced scale fully captures service quality". PZB (1991) also offer alternative explanations for these differences: To some extent this variation across studies may be due to differences in the data collection and analysis procedures (across the various replications).

Moreover, they suggested that it is possible that "a three-dimensional structure wherein responsiveness, assurance and empathy meld into a single factor"; minor modifications in the wording of items; or differences in the data collection and analysis procedures, were acceptable adaptations of the model. Nevertheless, what can be argued here in relation to the issue of dimensionality of SERVQUAL is that the issue is not the matter which PZB suggested. It is deeper, more complicated and wider than such a response would indicate.

In the context of modifying the SERVQUAL model to fit with the context under investigation, Othman and Owen (2001) developed the CARTER scale, which appeared to follow the perspective offered by PZB. Based on the findings of this study, what can be stated is that the modification regarding the CARTER scale to fit

with the Islamic banking context, which has its distinctive features, should not only be limited to adding one single dimension to the five dimensions of SERVQUAL. Furthermore, at the time when Western literature is recognizing the shortcomings associated with using SERVQUAL as a generic scale, Arabic and Islamic studies, especially those written in the Arabic language, have not recognized this and still consider SERVQUAL as the ideal scale for addressing issues related to measuring service quality.

Finally, to summarise, what can be argued regarding SERVQUAL is that PZB (1985) called for a need to develop a standard instrument to measure consumers' service quality perceptions. Based on the enormous body of literature in the area of service quality (for example, Robinson, 1999; Sangeetha and Mahalingam, 2011), including the findings of this research, although the SERVQUAL instrument has probably been the most popular scale available since the 1990s, it can be argued that using this instrument now across different contexts is questionable. In this context, Parasuraman (1995, p. 158) himself, when discussing directions for future research, mentioned the previous idea suggesting that "the present study's findings reiterate the need for exploratory research for uncovering the underlying causes and managerial implications of the empirical correlations among the dimensions". Moreover, he mentioned that "the dimensionality of SERVQUAL continues to be debated, and, as such, is an issue warranting future research" (Parasuraman, 1995, p. 162). Therefore, in recognition that service quality is dependent on context, country, industry and religion, the development of a customized scale for measuring service quality for these contexts at a particular time is needed.

7-4 Contribution

This thesis makes a number of distinct contributions

1- Although there is a limited body of literature about the concept of Islamic values, most of these studies concentrate on the values of customers with regard to the decision to use certain goods or services, or the role of Arabic values. This research aims to enrich the discussion about the subject of Islamic values by considering attitudes to work, and to help in filling the gap

in the literature about the effect of these attitudes on the employees' performance.

2- Despite the fact that *Itqan* is an important and inherent concept in Islam, there has been a lack of attention by researchers to studying this concept. Also, to the researcher's knowledge, this is a pioneer study which aims to explore the concept of *Itqan* from the perspective of employees of an Islamic financial organization.

3- Researchers such as Dusuki and Abozaid (2007); Dusuki and Abdullah (2007) have called for a proper understanding of the concept of *Maqasis al-Shariah* (objectives of *Shariah*) in the area of financial sector. However, these scholars concentrate on the operational side of the financial transaction such as *Sukuk* (Islamic bonds). Thus, this study contributes towards a wider understanding of the concept of *Maqasis al-Shariah* (objectives of *Shariah*) which covers all the activities of Islamic banks, whether related to the transaction side or related to other activities such as the social and economic role of the Islamic bank.

4- This study contributes to promoting the idea that an Islamic bank is not only an organization related in essence to the Islamic religion, with its most important role being conducting financial transactions based on a compliance with *Shariah*. An Islamic bank is also a financial, social, and economic organization which aims to apply the concept of *Shariah* in its wider definition and to achieve justice, brotherhood and social welfare for the all of society.

5- In contrast to the previous studies, what is concluded from the results of the factor analysis is that the dimension of compliance with *Shariah* is not represented in one single isolated independent factor. Items belonging to this dimension are rooted in several issues from the principles of *Shariah* in its wider concept, and were distributed in many dimensions. This result reflects the idea that compliance with *Shariah* is not centred on one single issue; rather it is a much broader reflection of the values and principles of the Islamic religion, especially in the area of the Islamic banking industry.

6- This research attempts to contribute to the literature, especially the Islamic literature, in terms of a re-conceptualisation of the concept of service quality in the Islamic context. This research helps in enriching the literature by arguing that service quality exists in a specific context, in the case of this study, a religious context.

7-5 Recommendations

Based upon the study findings and implications, the following recommendations should be considered by Islamic banks.

1- The *Shariah* Supervisory Board is a vital requirement in modern Islamic banking. Thus, in addition to adopting training programmes for *Shariah* auditors, its role should also include other tasks such as providing specific religious training to employees of Egyptian Islamic banks in general, and frontline employees in particular, regarding issues such as service quality from an Islamic perspective.

2- Islamic banks that value the critical importance of long-term relationships with their customers, should achieve an environment in which Islamic values, as represented in the behaviour of employees in general and, especially frontline employees, are evident. In doing so, the management should take follow-up action on the following points:

A- The need to create and enforce a thorough corporate code of Islamic values. It must be understood that the general ethos of the bank is one which embodies Islamic values, and employees should know that management is taking serious action to ensure that the code is followed.

B- The code of Islamic ethics must form the basis of ongoing training regarding the handling of ethical dilemmas.

3- Since there are many non-Islamic banks that have started opening what are called "Islamic windows" (i.e. the provision of some Islamic services within a non-Islamic bank), then Islamic banks themselves have to offer services that stem from the values of the Islamic banking industry, such as the social role represented for example in *Qard Hassen* (interest-free loan) and *Zakat* (alms), which are vital matters. If these services are not offered then the

differences between Islamic banks and non-Islamic banks become negligible, and consequently Islamic banks will lose their competitive advantage as an "Islamic organization" in retaining their customers and attracting new ones.

4- In addition to the previous point, Islamic banks should also consider the importance of the customer/employee interaction. In this context, as mentioned in the Quran "Were you severe or harsh-hearted they would have broken away from about you [sic]" (3, 15), frontline employees of Egyptian Islamic banks should represent a true reflection of the ideal Muslim practice. Muslim attributes mentioned such as *Ikhlas* (sincerity), *Sidq* (Truthfulness), and *Mahabba* (Love) should be instilled among these employees and observed in action – this should be supported by the banks' management and included in training programs.

5- Women should be given more chance to participate in Islamic banks – as employees. This is especially directed to the Faisal Islamic Bank of Egypt, because this bank did not employ women and believed it was following Islamic thought in this respect.

6- Research should be carried out regularly by Egyptian Islamic banks into on-going issues that are related to the daily work life or which are related to wider matters concerning the values and principles of the Islamic banking industry in general, in order to maintain a competitive edge.

7- Finally, what can be suggested about the future of Islamic banks is that the sustained growth of these banks will depend on Islamic work values. The gap that was found in this study between what Islamic banks are supposed to do and what is going on in reality needs to be reviewed. This means that Islamic values and principles, especially those concerned with service quality, have to be seen to be acted upon.

7-6 Limitations of the research

This needs to be much more than four lines as it is now

Since this research was conducted in a single country and in a single sector that of the Egyptian Islamic banking industry, and in spite of the unity and codified roots of

Islamic values among people in the different Islamic countries, it is appreciated that caution needs to be taken with regards to generalising the findings beyond Egypt.

7-7 Future research

This research has highlighted that there are many opportunities for future research in this field. This includes the following prospects:

1- The research recommends a re-examination of the modified CARTER model in other Islamic banks located in different countries. However, researchers should re-conceptualise its items in the light of any change in the culture or background of these banks.

2- For reasons of cost and time this study concentrated on the two biggest cities in Egypt, which had the most branches of the two banks; further research is recommended to cover the other branches of these banks in the remaining cities to assess whether regional differences exist.

3- Since Islamic banks cover several countries around the world, further research is recommended to compare the concept of service quality between Islamic banks located in Arabic and non-Arabic countries (for example between Egyptian Islamic banks and Islamic banks in Malaysia). The result achieved would confirm whether it is possible to generalize the concept of service quality in the Islamic context or if it depends on the country, industry and culture under investigation.

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Theological religion text

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Appendix

Appendix One: employees interviews

The Faisal Islamic Bank of Egypt and Al-Baraka bank Egypt employees' interview

Starting Introduction:

I am Salem Yahia, PhD researcher at the University of Gloucestershire, UK. My thesis is entitled "service quality in the context of the Islamic banking industry". You will be asked general and specific questions to highlight the key issues related to the concept of service quality.

Interviews Questions:

1- How long have you been working in this bank?

2-What was your previous job?

2- What are the reasons that led you to choose this bank as a place of work?

4- How important was the salary when choosing this bank and why?

5- If you were offered a better job somewhere else, would you leave your current job?

6- Are you proud of choosing this bank as a place of work and why?

7- In your opinion, what do you think the mission of this bank is?

8- What do you understand *by the term service quality?*

9- In your opinion why is service quality important?

10- Could you please explain the meaning of service quality from the Islamic perspective?

11- Have you attended any programmers concerning Islamic issues?

12-Would you like to suggest or add anything that is related to service quality in this bank?

Appendix Two: customers' questionnaire

The Faisal Islamic Bank of Egypt and Al-Baraka bank Egypt customers' survey

Dear Customer,

I, Salem Yahia, PhD. student at the University of Gloucestershire, in the field of Business, Education & Professional Studies, am conducting a survey on service quality in the context of the Islamic banking industry

I would like to gain knowledge of service quality at Egyptian Islamic banks. Your help is extremely appreciated by completing and returning the enclosed survey to the researcher.

I assure you that all data and information you give will be kept confidential for and will be used for academic purposes only, and no names will be recorded.

Your co-operation is very important for the results of this study, which will be used to help in achieving a high level of service quality.

Thank you in advance for your consideration.

Sincerely,

Salem Yahia

Please circle the following statements related to your feelings or perceptions about the Islamic bank you deal with. For each statement, please show the extent to which you believe the Islamic bank you deal with has that feature:

1. = Strongly Disagree
2. = Disagree
3. = Neither agree nor disagree
4. = Agree
5. = Strongly Agree

No	items	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

1	This bank operates in accordance with Islamic law					
2	Employees of this bank serve customers in the order they arrived					
3	Credit (for example *Qard Hassen*) is available in this bank					
4	Waiting time to finish the transaction is short					
5	This bank has modern equipment such as ATM machines					
6	This bank provides social, and financial support to poor people (i.e. youth who want to marry)					
7	The employees are well dressed					
8	Employees of this bank respond promptly to telephone calls					
9	Employees of this bank listen to my complaints					
10	A *Zakat* (alms) fund is available and effective.					
11	This bank provides a wide range of financial services and products, without focusing on a particular type					
12	The interior design is attractive, and this bank has a					

	comfortable waiting area					
13	There is a close relationship between the bank's customers and the employees of the bank					
14	This bank announces its products and services efficiently and effectively through different media					
15	The security staff in this bank is always available					
16	Effective Islamic insurance (Takaful) is available in this bank					
17	Transactions that are provided by this bank are error-free					
18	This bank has a sufficient number of contact employees					
19	Employees of this bank instil confidence and trust in the minds of the customer					
20	Statements are accurate, have all the necessary information needs, and are simple to understand					
21	Employees of this bank provide clear and precise answers to customers' inquiries					
22	Employees of this bank provide financial advice to					

	their customers					
23	Employees of this bank speak politely with customers					
24	An advisory desk is available in this bank					
25	Employees of this bank are ready to fulfil their promises					
26	This bank contributes to the distribution of Islamic financial knowledge					
27	Customers' needs are always at the forefront of the concerns of the employees					
28	The employee of this bank represents a practicing Muslim in dealing with customers					

Bank The Faisal Islamic Bank of Egypt ( )

Al-Baraka bank Egypt ( )

The demographic questions

1- Customers' gender Male ( ) Female ( )

2- Customers' marital status Single ( ) Married ( )

3- Customers' age Less than 30 years ( ) 30-39 years ( )

40-49 years ( ) 50-59 years ( )

60 years and over ( )

4- Customers' educational level Less than secondary school ( )

Secondary school ( )

Diploma ( )

Bachelor degree ( )

Master and PhD ( )

5- Account holding in another non-Islamic bank Yes ( ) No ( )

6- Number of years dealing with the bank Less than one year ( )

1 to less than 3 years ( )

3 to less than 5 years ( )

5- 10 years ( )

More than 10 years ( )