

Impact of Service Quality on Customers Loyalty: A Study of Islamic Banks Customers

Anum Wali*

Abstract

The purpose of this paper is to identify determinants of customer loyalty in Islamic banks in Pakistan. As product and service offered by banks are to a great extent homogenous, customer loyalty is for the most part connected with nature of certain tangible and intangible dimensions of services. Hence it is extremely important for banks to understand factors that lead to higher satisfaction and subsequent loyalty among customers. More than 372 respondents were surveyed to understand factors that lead to continuing a relationship with Islamic banks. Data for this study were collected by using a structured questionnaire containing two sections, where section one deals with demographic and social profile of respondents and section two contains questions related to empathy, compliance, reliability, satisfaction and loyalty for response measure Likert scale is used. Data is analysed by using The Statistical Program for Social Sciences (SPSS) followings tests were applied, reliability, normality, correlation and step wise regression. Findings of the study showed that Islamic banks' customers are satisfied and gives more importance to compliance related factors such as determinedly obedience to Shariah law. The study focuses only on customers of Islamic banks excludes those who deals with both Islamic as well as conventional bank. In future researcher can consider both customers of Islamic as well as conventional banks. The results of this study hold important implications by showing the partial mediating effect of customer satisfaction, depicting that in order to achieve success managers should not directly focus on enhancing customer loyalty but also on customer satisfaction. This research investigates the individual impact of all three characteristics of service quality i.e. reliability, compliance and empathy. The framework used for the research has not been exactly studied before thus adding value to the growing body of knowledge.

Key words: customer loyalty; customer satisfaction; service quality; reliability, compliance and empathy

Introduction

Pakistani banking has undergone a great change due to acceptance of economic liberalization in 1991. It was made more competitive by the entry of private players. There is a surplus service provider and customers are able to choose their banker from a number of banks

* Anum Wali, Fatima Jinnah Women University, Pakistan. Email: anum.wali@outlook.com

offering convenience and quality services. Banks are continuously launching and introducing new products and services in order to satisfied and retain the customers. Due to increase in competition banks have come under tremendous pressure to handle rising demands and expectations of customers. As compare to retain a customer, attracting a customer become more costly. Thus customer retention is more significant for banks now a day, there fore higher managements of banks are seeking out most influential determinants of customer satisfaction and customer loyalty.

Marketing literature is stuffed with studies which have scrutinized drivers of customer loyalty and customer satisfaction. As indicated by Caruana *et al.*, (2000) and Caruana(2002) practice with regards to astounding service quality brought about customer satisfaction which altogether prompts customer loyalty. In order to quantify the achievement of businesses, service quality has turned out to be a standout amongst the most critical determinants. Presently advertisers have a similar supposition that service quality has really demonstrated a fundamental impact on customers to separate doing combating affiliations and contribute viably and in like manner beneficially towards customer satisfaction (Parasuraman, Zeithaml, and Berry, 1985; Magest, 2010; Avkiran, 1994). Marketers recognize that for the success of any business service quality has gradually more critical factor. Hence it is essential for marketers to ensure delivery of better service values to their customers, in particular for those organizations that are enthusiastic in banking sector (Parasuraman, Zeithaml, and Berry, 1985). In order to be successful in 21st changing scenarios of banking, banks needed to have a basic personality to make accessible outstanding administrations and contend with others. Banks due to high competition, nowadays they have to be extraordinary standards as well as committed to excellence in customers' approval which ultimately lead to customer satisfaction, and to engage in recreation that is a noteworthy capacity in quickly developing and growing financial sectors (Balachandran, 2005)

Globally quality services from banks have also accurately demanded by customers. With large number of choices available to them, they are not willing to accept anything less than best or excellent one. Now in order to exist, banks have identified needs that meet purchasers' ambitions. According Levesque and McDougall (1996) and Jamal and Naser (2002) customer evaluating tangible and intangible constituents of service quality within the organization. Compliance is extremely important because of which customers are willing to receive the services of Islamic banks. Cronin and Taylor (1992) and Oliver (1997) stated that compliance is extremely important for satisfaction of customer in Islamic

financial services that is bank; and its service quality creates positive impact on customer loyalty. It can be considered as back bone of the bank. According to Bitner (1990) in order to increase customer loyalty organization customer's necessitate management should actively improve service quality throughout empathy. Some studies shows that empathy and customer loyalty has positive relationship because of this customer feel special and like to retain services again and again (Munusamy et al., 2010). Therefore in order to drive bank up in high innovation stepladder, benefit quality is a basic spurring power. The motivation behind this examination is to investigate factors that prompt customer's loyalty in Islamic banks. Present research investigates the following questions with respect to Pakistan's Islamic banking sector.

- Do all three service quality dimensions, i.e. reliability, empathy and compliance individually impact customer loyalty?
- Does customer satisfaction mediate the relationship between each service reliability, service empathy and service compliance?

Literature Review:

In this competitive environment, it's extremely important for service providing organization especially banks to design systems that recognize them from each other and give them an upper hand; so as to accomplish this association have to the conveyance high caliber of administration. As indicated by Caruana *et al.*, 2000; Caruana, 2002 routine with regards to great administration quality has been demonstrated that customer satisfaction will altogether prompt customer loyalty. The present research utilizes three dimensions of service quality that is reliability, compliance and empathy to measure customers' loyalty.

Service Quality

Services are intangible in nature, due to which it is extremely difficult to define and measure quality in services. Zeithmal (2000) says that nowadays, due to globalization and with increased in competition among organizations; service quality has been recognized as a key element to again competitive advantage and sustaining satisfying customer relationship and it also become an admired area of academic research.

Generally service quality has been characterized as customers' general assessment of administration (Eshghi *et al.*, 2008), while different investigations, for example, Asubonteng *et al.*, (1996), Wisniewski and Donnelly (1996) characterized it as a degree to which an administration assembles customer's desires and in addition its needs. Administration quality is a measure of the administration gave as against expected execution of administration as per Parasuraman *et al.* (1985).

Administration quality is additionally characterized as outcomes of purchaser's on whole evaluation of the dissimilarities between expectations about a service and actual performance of service (Othman & Owen, 2002). Czepiel, (1990) says that service quality is defined as customer perception about service which means how well and effectively services congregates or goes beyond their expectations. Service practitioners Munusamy *et al.*, (2010) definition of service quality, it is a disparity between what purchaser's expect from services encounter and acuties of service received. In service quality customer perceptions as well as expectation are two most important ingredients. According to Oliver (1993) customers judge quality if it doesn't meet up their expectation, as low because their perception are high than performance and quality as high when performance exceeds their expectation.

In order to measure the success of industries, service quality has turned out to be a standout amongst huge determinants. Presently advertisers concur that service quality has really exhibited a noteworthy impact on customers to separate contending associations and contribute successfully and in addition effectively towards customer satisfaction (Parasuraman, Zeithaml, & Berry, 1985; Magest, 2010; Avkiran, 1994). Many firm and service giving associations are giving careful consideration to service quality since they trust that it is an obligatory factor for holding and enhancing their level of aggressiveness, in addition, consider it as a vital segment for their upper hand. Advertisers perceive that for the accomplishment of any business service quality has progressively turned into a basic factor. Henceforth it is basic for advertisers to guarantee conveyance of better service esteems than their customers, particularly for those organizations that are dynamic in saving money segment (Parasuraman, Zeithaml, & Berry 1985).

In these days, service quality factor is greatly used by service provider companies for customer evaluation and unquestionably, banking sector for this situation isn't exempted from this appraisal. Hence, service quality is conceptualized as a multidimensional build comprising comprises of five dimensions: first one is tangibles which means appearance of physical offices, workers, hardware, and written materials, second one is assurance which include knowledge and employees way of dealing with customers, third one is responsiveness which means enthusiasm to help customers and provide on time service, last two are most important and are of greater interest in research according to Berry *et al.*, (1988) Reliability in the eye of customer is considered as afundamental core of service quality which includes capability to execute promised service consistently and accurately, where as fifth dimension is empathy which means caring and individual attention provided by firm

to its customers. If a service is reliable, than all other dimensions will matter to customers, because those dimensions can never compensate for unreliable service delivery rather than reliability. In order to study the Islamic banking one more dimension i.e. compliance should be kept in mind as it refers to firmly obedience to Shariah law; which precludes Islamic banks from taking part in organizations that are unlawful under Islamic law, for example, obscenity, liquor offering et cetera (Cronin & Taylor, 1992). Significance of Shariah Compliance is accentuated as most essential driver of customer satisfaction in Islamic banks (Osman *et al.*, 2009; Amin *et al.*, 2013; Jabnoun & Khalifa., 2005)

Service Quality Model

Among the models for measuring service quality, SERVQUAL (service quality) model developed by Parasuraman *et al.*, (1988), is one of the most acknowledged and applied model in diversity of industries. Five dimensional construct of service quality is proposed by Parasuraman *et al.*, (1988) known as SERVQUAL model consists of tangibles, reliability, responsiveness, assurance and empathy as instruments for measuring service quality (Parasuraman *et al.*, 1991; Zeithaml *et al.*, 1996). Reliability depends upon how productively and successfully an association is taking care of customers' services issues; how intelligently performing services comfortable time, give services as per guaranteed or expressed time and keeping up a blunder free record. Moreover, they affirmed unwavering quality as one of critical as well as significant factor in developing nation's specifically in conventional service according to Parasuraman *et al.*, (1985). Furthermore reliability is also consists of how effectively and accurate organization fulfill orders, accurate and efficiently maintenance of record, accurate quote, error free billing; computation of commissions accurately and finally keep services promise. He also states with intention of financial services, reliability is one of the most important factor in banking services (Yang *et al.*, 2004). Responsiveness defined as how actively and willingness or employees of organization provide service to customers (Parasuraman *et al.*, 1985). It includes suitability of services. Furthermore it is also involves convenient operating hours most commonly 24/7 as well as understanding needs and wants of customers, staff 's attention giving individual attention to customers, concentration to problems and customers' safety in their transaction (Kumar *et al.*, 2009). Parasuraman *et al.* (1985) defined empathy as individual attention as well as caring that firm provides to its customers. It also involves benevolent individual attention of customers and employees who understand needs as well as wants of their customers and convenience business hours for its customers. Ananth *et al.* (2011) alluded to sympathy in their

investigation on private division banks as giving individual consideration, advantageous working hours, giving individual regard for customers, best enthusiasm for heart and comprehends customer's particular needs. Parasuraman *et al.* (1985) characterized assurance as learning alongside graciousness of laborers and their capacity to motivate trust and also a certainty. As indicated by Sadek *et al.*(2010) in British bank assurance implies pleasant, modest and well-disposed staff, an arrangement of money related exhortation, inward solace, facilitates access to account data and learned and experienced administration group. Parasuraman *et al.* (1985) characterized tangibility appearance of physical offices, workers, hardware, and composed materials. Osman *et al.* (2009) alluded to tangibility in their investigation of private division banks as current looking gear, physical office, representatives are fashionable and materials are visually attractive.

Ensuing research led in an assortment of settings, for example, dental school facility, a business college situation focus, a tire store, and an intense attention healing facility proposes that all five SERVQUAL measurements can not remain all-inclusive crossways all services, besides that it is most likely pointless to regulate desire things each time SERVQUAL is directed (Bitner, 1990; Carman, 1990; Parasuraman *et al.*, 1991).

Reliability

Reliability as one of most important as well as significant factor in conventional service according to Parasuraman *et al.*,(1985). It includes security, guarantee and privacy. Security includes freedom from risks like financial security that is why it is considered as one of the most important dimension of services of banks. Customer is very careful about monetary transactions. Therefore reliability play vital role in customer loyalty and it has positive impact on customer loyalty (Horrison, 2003).

Hence following hypothesis can be made:

H1:Reliability has a positive impact on customer loyalty.

Compliance

In order to study Islamic banking one more dimension that compliance should be kept in mind as it refers to determinedly obedience to Shariah law; which restricts Islamic banks from participating in organizations that are unlawful under Islamic law, for example, explicit entertainment, liquor offering and so forth(Cronin and Taylor, 1992). Some investigations arrange religious proclivity as a critical determinant of managing Islamic banks, for example, Metawa and Almassawi (1998) and Naser *et al.*, (1999), which others report, for example, Erol and Al-Bdour, (1989) demonstrate a negative connection or no connection

between these two components Gerrard and Cunningham (1997). The significance of Shariah Compliance is underscored as a most critical driver of customer satisfaction in Islamic banks which make customers more loyal (Osman *et al.*, 2009; Amimet *et al.*, 2013; Jabnoun and Khalifa., 2005). According to Ananthe *et al.* (2011) in appraising either customer trust in organization or customer view of an organization, tangible as well as intangible constituents of service quality. Compliance is extremely important because of which customers are willing to receive the services of Islamic banks. Cronin and Taylor (1992) and Oliver (1999) stated that compliance is extremely imperative for customer satisfaction in Islamic bank, and by service quality impacts customer loyalty. It can be considered as back bone of the bank. Hence following hypothesis can be made:

H2: Compliance has a positive relationship on customer loyalty.

Empathy

Empathy is basically special attention towards customer by showing kindness, affection and looking them as close friends to make them feel extremely special. Empathy is all about helping customer in term of place, time and better communication. Majority of people are greatly influenced by this dimension of service quality and it has been proved by many of researches. In empathy employees give special attention as well as extra care to their customers so that can greatly increase customer loyalty (Oliver, 1993). According to Bitner (1990) in order to increase customer loyalty organization customer's necessitate management should actively improve service quality throughout empathy. Some studies shows that empathy and customer loyalty has positive relationship because of this customer feel special and like to retain services again and again (Munusamy *et al.*, 2010). Based upon these discussions following hypothesis can be made:

H3: Empathy has a positive relationship on customer loyalty.

Customer Loyalty and Service Quality:

It is understandable that awareness of service quality and commitment are closely related to loyalty (Sangeetha and Mahalingam, 2011) but in a particular market, each of above mentioned factors may have a different impact on customer loyalty. There are two main reasons, first one is natural cause's customer demand extinction and other one is artificial cause unsatisfactory product specifications and insufficient quality of service. In a request to build customer loyalty, it is justifiable that association must try to wipe out both common and counterfeit customer leave reasons. An effect on the advancement of customer loyalty idea has been made by service quality along these lines it can be seen as one of most generally dissected customer loyalty determinants.

Cronin and Taylor (1992) and Oliver (1989) expressed that service quality is critical for customer satisfaction, and by it service quality effects customer loyalty. It can be expressed, that confinement of service quality examinations is error in deciding connection between customer loyalty and service quality. A few examinations, for example Cronin and Taylor, 1992; Oliver (1989) have discovered that service quality chooses satisfaction of customer which incredibly influences customer loyalty. However different investigations, (for example, Bolton and James; 1991), conversely have advocated effect of service quality on customer satisfaction.

Service Quality and Customer Satisfaction:

As per Jabnoun and Khalifa, (2005), satisfaction is closely related to service quality. In financial services industry it is significantly important as customer primarily buy promises that their funds and welfare will be looked after in a best possible way, and their perception about fulfillment of these promises leads to long term association between financial service provider and customer (Horrison, 2003).

There exist numerous empirical works in order to support quality and satisfaction of customers in fundamental order. In an effort to be parsimonious, on the other hand, we limit our argument to two highly relevant and recent studies. Cronin and Taylor (1992) to start within an investigation said, among other things, casual relationship between service quality and customer satisfaction. In their article, Cronin and Taylor suggest that empirical justification is necessary to determine the true nature of this relationship along with this, note that marketing researchers are not only in agreement in terms of the causal order of these constructs. Authors report eventually that, according to their analyses, service quality what customer expect from service and what actually achieve leads to satisfaction of customer. If company's servicereliability is high this means that company fulfills its promises with regard to delivery of service, prices and solving the customer's problem this will lead to customer satisfaction.

In further recent studies in addition dealing with relationship between satisfaction and service quality, a model developed by Oliver (1993) was tested by Spreng and Mackoy (1996). Oliver's model integrated two constructs, and suggests, among other things, that supposed service quality is a forerunner to satisfaction. Spreng and Mackoy's results show that, as predicted, service quality leads to satisfaction. Nature of customer satisfaction in the given insidious is a phenomena and generally recognized orientation as a behavioral response by literature and research directions of customer satisfaction mainly point us to accepted concept of service quality all the way

through which customer satisfaction can be better analyzed. For generating customer satisfaction and loyalty in banking sector, service quality is one of the most important aspect (Eskildsen *et al.*, 2004). However, according to Bitner, (1990) and Parasuraman *et al.*, (1985) it is still under debated whether customer satisfaction is an antecedent of services quality judgments and according to Anderson and Fornall (1994), Cronin and Taylor (1992,) service quality is forerunner for customer satisfaction. In early 1980s with the writing of Lopez *et al.*, (2007) concept of services quality began to receive significant attention. Literature on service quality represents five dimensions. Parasuraman *et al.* (1988, 1991) represent the SERQUAL scale which includes reliability, tangibility, responsiveness, empathy and assurance. In order to measure customer satisfaction in banking industry Naser *et al.* (1999) consider individual elements. There are many studies that document positive relationship between satisfaction and loyalty such as studies by Hallowell, (1996); Lam and Burton, (2006); and Ball *et al.*, (2006). However some of the studies such as Oliver, 1989 states that there is no straightforward relationship between satisfaction and loyalty. Beside satisfaction there are many other factors that contribute in continuing or terminating a relationship with a particular organization. Causality between customer satisfaction, profitability and loyalty is studied by Hallowell (1996) by utilizing a huge specimen size of 12,000 retail saving money customers in USA. Creator decide length of affiliation and profundity of service utilized by customers as dependent variable while different measurements of satisfaction is taken as dependent variable, and in addition this examination likewise explore the connection amongst gainfulness and loyalty (independent variable). This study shows the positive relationship between the three variables under consideration. However according to Mihelis *et al.* (2001) research in Greek bank, used multi criteria consisted of characteristics of bank personnel, services offered and range of product, image of bank and service dimensions modeling are used to explore customer satisfaction individuals as well as institutions. Results designated a high level of satisfaction in customers based on characteristics of customer care by employees, they know how valuable customers are as well as analyze their need which is empathy, whereas other dimensions ranked lower as compare to above mentioned variables. In a conventional banking environment relational and core aspects are most important determinants of customer satisfaction (Levesque and McDougall, 1996; Jamal and Naser 2002; Jabnoun and Khalifa, 2005). Customer satisfaction in Malaysian Banking industry is greatly depend on efficiency of services and following of Shariah rules, responsiveness of staff, and

confidentially aspect (Amin & Isa, 2008). Al Eisa and Al Hemoud (2009) establish that tangible aspects like number and location of branches also generally don't contribute towards customer satisfaction. In contrary, image does not influence customer satisfaction in conventional banks (Hamidzadeh *et al.*, 2011). Thus it provides basis for the following hypothesis:

H4: Reliability has a positive impact on customer satisfaction.

H5: Compliance has a positive impact on customer satisfaction

H6: Empathy has a positive impact on customer satisfaction.

Customer Loyalty

Customer Loyalty is a profoundly held commitment to re-purchase or re-patronizes desired thing again and again in upcoming situational inspirations and advertising endeavors that might cause substituting behavior. Role of loyalty in brand equity progression and exclusively noted that brand loyalty escorts to certain advantages, such as reduced marketing expenses, more new customers and greater trade leverage (Asker, 1991). Customer loyalty is when a customer stays as a client of original supplier even if a competitor offers more beneficial conditions. According to Oliver (1997) customer loyalty positive impact the profitability of organization. Effective and efficient marketing strategies helps marketers to understand customer need as a result of this organization can serve their customers in a better way as compare to their competitors which ultimately leads to customer loyalty (Amin & Isa, 2008). According to Yavas and Shemwell, (1996) innovations are frequently followed by similar charges which focus on less tangible and less easy to imitate determinants of customer loyalty such as customer evaluative judgments like customer satisfaction and service quality.

Customer Satisfaction

Literature found that satisfaction of a purchaser is a key in to long term business success (Zeithamiet *al.*, 1996). To protect as well as to gain maximum market shares, Tsoukatos and Rang (2006) says that organizations need to outperform competitors by offering high quality product and service to make sure customers satisfaction. Gerrard and Cunnungham, (2001) says that banks need to recognize customers service requirements and how it impact on service delivery and customers attitudes. In early 1970's on consumer satisfaction some significant improvements in principle and research have been made by various investigations including Anderson, E.W. and, Fornell, C (1994). Adroitly, satisfaction is the result of customer's assessment of the advantages and cost which might be accepted as a result of procurement and use in gaining any services or items involvement in connection to the normal results. While, in operational terms, satisfaction is like the

disposition of the item and service though it can be assessed as gathered satisfaction encounters by customers with the diverse traits of the services and products (Cooper and Schindler, 2006).

There are some researches, that investigated customer satisfaction using multiple behavior measures (such as Boulding *et al.*, 1993; Joseph *et al.*, 2005; Dabholkar *et al.*, 2000).. In addition, a variety of studies on customer satisfaction with fastidious reference to financial services also reflect that inherited insufficiency of literature about customer satisfaction in general services and made little attempt to define some specific measures of customer satisfaction investigation for their experiences of using financial services.

Customer Satisfaction and Customer Loyalty:

According to Delone and McLean (1992, 2003) IS success model, customer satisfaction may be supposed to be determinant of net assistance or individual impact such as customer loyalty According to Oliver (1993) consumer satisfaction mediate customer post purchase behavior, such as complaining, word of mouth and repurchase intention. A disappointed customer will probably scan for data on options and prone to yield towards contender suggestions than a fulfilled customer (Anderson and Fornell (1994). There are many studies that document positive relationship between satisfaction and loyalty such as studies by Hallowell, (1996); Lam and Burton, (2006); and Ball *et al.*, (2006). Many banks have introduced innovative services and products to increase customer satisfaction which ultimately leads to customer loyalty (Meidan,1996). According to Zeithaml *et al.* (1996) if customer of organization is satisfied specially services of organization this will definitely resulted in customer loyalty to that association which is positive for organization for the reason that it could mean higher profits and growing customer foundation. Hence the above discussion is the basis for the following hypothesis:

H7: Customer Satisfaction has positive impact on customer loyalty.

Mediation:

According to Cooper and Schindler (2006) satisfaction is related to direction and size of disaffirmation experiences, where disaffirmation experiences are related with the person's preliminary expectations. According to Muslim and Isa, (2005) for satisfying and retaining esteemed customers both product and services quality is commonly noted as a critical prerequisite. It is certainly true that delivery of high service quality to customers (Karatepe *et al.*, 2005) offers firms to make a distinction themselves as well provide them an opportunity in competitive markets. Many firm and service providing organizations is paying special attention to service quality because they believe that it is

mandatory factor for retaining and improving their level of competitiveness moreover consider it as an important component for their competitive advantage. Marketers recognize that for the success of any business service quality has increasingly become a critical factor. Hence it is essential for marketers to ensure delivery of superior service values to their customers, especially for those companies that are active in banking sector (Parasuraman, Zeithaml, & Berry 1985). Satisfaction is similar to the attitude of the product and service whereas it can be evaluated as accumulated satisfaction experiences by customers with the different attributes of the services and products and when customers are highly satisfied with services its leads to customer loyalty (Churchill & Carol, 1982). Whereas some of the studies such as Hallowell, (1996); Lam and Burton, (2006); and Ball et al., (2006) show that when bank is running on Islamic principle by following Islamic law, employees of banks are extremely friendly and foremost its services are reliable than customers are more satisfied and it is resulted in customer satisfaction. Many banks have introduced innovative services and products to increase customer satisfaction which ultimately leads to customer loyalty (Meidan, 1996). According to Zeithaml et al. (2000) if customer of organization is satisfied specially services of organization this will definitely resulted in customer loyalty to that organization which is positive for the organization. Hence above discussion is the basis for the following hypothesis:

H8: Customer satisfaction partially mediates the relationship between reliability and customer loyalty.

H 9: Customer satisfaction partially mediates the relationship between compliance and customer loyalty.

H10: Customer satisfaction partially mediates the relationship between empathy and customer loyalty.

Theoretical Framework

Based on discussion in literature, below framework diagram can be made which demonstrates that service reliability, compliance and empathy are independent variables, customer loyalty dependent where as customer satisfaction is treated as a mediator.

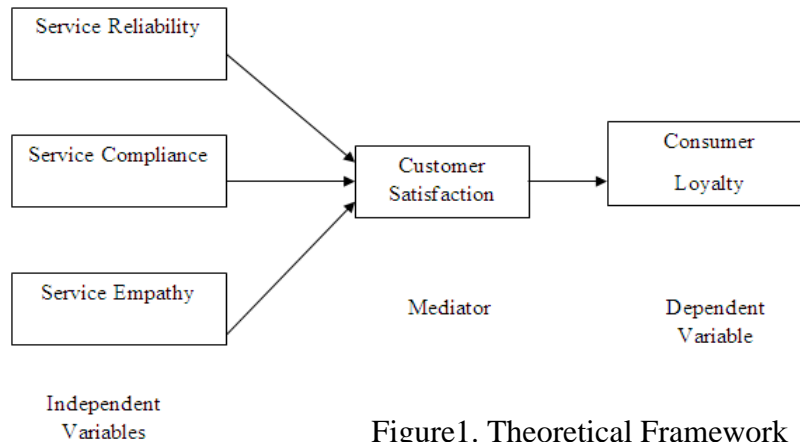


Figure1. Theoretical Framework

Methodology

This study has been conducted in February and March 2016 by using questionnaire method and is restricted to different Islamic banks located in the surrounding area of Rawalpindi and Islamabad. The current research refers to causal study which is based upon hypothesis testing. Hypothesis testing has been carried out by using reliability, normality, correlations and regression tests in SPSS 20. Unit of analysis for this study are customers of Islamic banks in Pakistan. Population for this research includes the customers of Islamic banks. For current study one of the types of non probability sampling i.e. conveniently accessible sampling techniques is used. Sample size of 372 customers has been selected which include both males and females.

The questionnaire consists of 6 sections that are demographics, service reliability, service compliance, service empathy, customer satisfaction and customer loyalty. All questionnaires were closed ended. Only demographics were measured on ordinal scale, whereas every other variable were measured on interval scale. 5 point liker scale has been utilized for measuring variables which go from 1-strongly agree to 5-strongly disagree. 400 questionnaires were distributed but only 374 were returned with response rate of 98%.

Table 1: Represents the summary of adaptation of complete questionnaire from different source

Variables	No of items	Source
Reliability	4	Othman & Owen (2002)
Compliance	5	Othman & Owen (2002)
Empathy	15	Othman & Owen (2002)
Loyalty with bank	3	Nam <i>et al.</i> (2011).
Satisfaction with bank	3	Nam <i>et al.</i> (2011).

Data Analysis:

For investigation of data Statistical program for social science (SPSS) is used. Following are the results obtained by running different tests. Specifically focus was on demographic analysis, reliability analysis, descriptive analysis, normality analysis. Along with this correlation, regression and mediation is given.

Demographic Analysis:

Reliability Analysis:

Reliability is a statistic measure used to determine goodness measure that is stability and consistency of measure as in the present case is questionnaire. According to Sekaran (2003) reliability is a degree to which a questionnaire provide stable and consistent result over the time. Cronbach's alpha is one of statistical tools used for measuring the internal reliability of a scale. Normal value of reliability lie between 0.6-1. Scales that produces unacceptable results is not useable. Only a reliable questionnaire can give reliable results.

According to table 3 estimations of cronbach's alpha of every one of the five variables are more noteworthy than 0.6 in this way information of each of the five variables are reliable.

Table 2: Represents the summary of Demographic analysis

Questions	Options	Frequency	Percentage frequency %
Gender	Male	248	77.0
	Female	74	23.0
Age	20-30 years	61	18.9
	31-40 years	92	28.6
	41-50 years	83	25.8
	51 & above	86	26.7
Income	Less than 20000	34	10.6
	More than 20000 but less than 40000	72	22.4
	More than 40000 but less than 60000	63	19.6
	More than 60000 but less than 80000	88	27.3
	More than 80000	65	20.2
Education	Illiterate or school leave		
	Completed 10 years of schooling	18	5.6
	Completed higher secondary schooling	48	14.9
	Completed college/14 years of schooling	67	20.8
	University Graduate/ completed 16 years of schooling	140	43.5

Table 3: Represents the Reliability Analysis

Variables	No of items	Alpha
Satisfaction with bank	3	0.852
Reliability	4	0.706
Compliance	5	0.743
Empathy	15	0.892
Loyalty with bank	3	0.777

Normality Analysis

Descriptive Statistics help to determine the normality of data. Normality is further tested by two determinants that are parametric and non-parametric. For normal data parametric tests are applied and for data that is not normally distributed non parametric tests are applied. Normality of data is determined through the value of skewness and kurtosis.

Test of Normality:

Normality Descriptive:

Table 4a shows the values of skewness and kurtosis according to which satisfaction with bank has estimations of skewness and kurtosis as

Table 4a: Represents Normality Descriptive Analysis

Variables	Skewness	Kurtosis
Satisfaction with bank	-0.492	-0.220
Reliability	-0.683	0.416
Compliance	-0.764	0.876
Empathy	-0.435	0.174
Loyalty with bank	-0.452	-0.163

- 0.492 and - 0.220 separately both of which lies between - 1 and +1, benefit quality dependability has estimations of skewness and kurtosis as - 0.683 and 0.416 individually, both of which lies between - 1 and +1, benefit quality consistence has estimations of skewness as - 0.764 and kurtosis is 0.876 which lies between - 1 and +1 separately, benefit quality sympathy has estimations of skewness and kurtosis as - 0.435 and 0.174 individually which lies between - 1 and +1 and unwaveringness with bank has estimations of skewness and kurtosis as - 0.452 and - 0.163 individually which lies between - 1 and +1. So overall values of Skewness and Kurtosis of all variables collectively lie between -3 and +3 so collected data is normally distributed.

Table 4: Represents the Normality Analysis

Variables	Kolmogorov-Simi nov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Satisfaction with bank	0.148	372	0.000	0.943	372	0.000
Reliability	0.130	372	0.000	0.956	372	0.000
Compliance	0.124	372	0.000	0.958	372	0.000
Empathy	0.070	372	0.000	0.982	372	0.000
Loyalty with bank	0.117	372	0.000	0.956	372	0.000

a. Lilliefors Significance Correction

Correlation Analysis

Table 5: Represents the Correlation Analysis

Variables	Mean	Standard deviation	CS	SR	SC	SE	CL
Satisfaction with bank	3.7751	0.88812	1				
Reliability	3.7433	0.69603	0.650**	1			
Compliance	3.7446	0.68330	0.657**	0.741**	1		
Empathy	3.6901	0.64018	0.551**	0.643**	0.731**	1	
Loyalty with bank	3.7823	0.79461	0.371**	0.486**	0.448**	0.595**	1

**Correlation is significant at the 0.01 level (2-tailed)

Pearson correlation is used for variables. Table 4 shows correlations of all variables with each other. Correlation of reliability and satisfaction with bank is 0.650, correlation of compliance and satisfaction with bank is 0.657, correlation of empathy and satisfaction with bank is 0.551, correlation of loyalty and satisfaction with bank is 0.371. Correlation of reliability and compliance is 0.741, correlation of reliability and empathy is 0.643, correlation of reliability and loyalty is 0.486. Correlation of compliance and empathy is 0.731, correlation of compliance and loyalty is 0.448. Correlation of empathy and loyalty is 0.595.

Table 6: Regression Analysis with Service Reliability as Independent Variable

Steps	Variables	Unstandardized coefficients		Standardized coefficients		F	Sig.	Adj. R ²
		B	Std. Error	Beta	t			
1 ^a	(Constant)	0.671	0.192		3.498	270.397	0.000	0.421
	Service Reliability	0.829	0.050	0.650	16.444			
2 ^b	(Constant)	2.531	0.168		15.106	58.873	0.000	0.135
	Satisfaction	0.869	0.043	0.371	7.673			
3 ^b	(Constant)	1.704	0.197		8.630	114.618	0.000	0.234
	Service Reliability	0.555	0.052	0.486	10.706			
4 ^b	(Constant)	1.647	0.200		8.225	75.426	0.000	0.238
	Service Reliability	0.485	0.068	0.425	2.591			
	Satisfaction	0.084	0.053	0.094	1.581			

a) Dependent Variable: Customer Satisfaction

b) Dependent Variable: Customer Loyalty

Since information is regularly circulated so one of the trial of measure of association is utilized i.e. regression. There is one dependent variable as well as onemediator and three independent variables so regression will keep running as indicated by four stages for directing mediation analysis. Table 7 shows the mediation analysis by taking reliability as an

independent variable, satisfaction as mediator and loyalty as dependent variable.

Table 7:Regression Analysis with Service Compliance as Independent Variable

Steps	Variables	Unstandardized coefficients		Standardized coefficients		F	Sig.	Adj. R ²
		B	Std. Error	Beta	t			
1 ^a	(Constant)	0.579	0.194		2.986		0.003	
	Service	0.853	0.051	0.657	16.746	280.443	0.000	0.430
	Reliability							
2 ^b	(Constant)	2.531	0.168		15.106		0.000	
	Satisfaction	0.869	0.043	0.371	7.673	58.873	0.000	0.135
3 ^b	(Constant)	1.831	0.206		8.902		0.000	
	Service	0.521	0.054	0.448	9.639	92.918	0.000	0.199
	Compliance							
4 ^b	(Constant)	1.762	0.207		8.225		0.000	
	Service	0.419	0.071	0.360	5.870	49.329	0.000	0.207
	Compliance							
	Satisfaction	0.120	0.055	0.134	2.188		0.012	

The analysis consists of four steps:

In step 1, linear regression has been run by taking reliability as independent variable and mediator i.e. satisfaction as dependent variable. Results show that value of F is 58.79, which is significant at 0.000. Durbin- Watson has value of 1.894 which is less than 3 so there is no issue of auto correlation. Value of adjusted R square is 0.234 which means that 1 unit change in independent variable (Service reliability) will cause 23.4% change in dependent variable (satisfaction). P-value of a service reliability is 0.000, which is significant at all three levels (90%, 95%, 99%), and the beta is 0.486 which means that service quality has 48.6% impact on customer satisfaction. By looking at the p-value of service reliability it can be concluded that there is a significant and positive relationship between service reliability and customer satisfaction. So H4i.eService reliability has positive impact on customer satisfaction, is accepted.

Step 2 shows that linear regression has been run by taking customer satisfaction as independent variable and customer loyalty as dependent variable. Results show that value of F is 58.873 , which is significant at 0.000. Value of adjusted R square is 0.135 which means that 1 unit change in independent variable (Customer Satisfaction) will cause 13.5% change in dependent variable (loyalty). The p-value of customer satisfaction is 0.000, which is significant at all three levels (90%, 95%, 99%), and the beta is 0.371 which means that customer satisfaction has 37.1% impact on customer loyalty. The p-value and beta value of customer satisfaction it can be concluded that there is a significant and positive relationship between customer satisfaction and

customer loyalty. So **H7i.e** Customer satisfaction has positive impact on customer loyalty, is accepted.

Step 3 shows that linear regression has been run by taking service reliability as independent variable and customer loyalty as dependent variable. Results revealed that the value of F is 114.6, which is significant at 0.000. Durbin- Watson has value of 1.894 which is less than 3 so there is no issue of auto correlation. Value of adjusted R square is 0.237 which means that 1 unit change in independent variable (Service Reliability) will cause 23.7% change in dependent variable (loyalty). The p-value of service reliability is 0.000, which is significant at all three levels (90%, 95%, 99%), and the beta is 0.486 which means that service reliability has 48.6 % impact on customer loyalty. The p-value and beta value of service reliability it can be concluded that there is a significant and positive relationship between service reliability and customer loyalty. So **H1i.e** Service Reliability has positive impact on customer loyalty, is accepted.

Since all three steps have shown significant relationships so multiple regression has been run, at step 4, taking service reliability and customer satisfaction as independent variable and customer loyalty as dependent variable. Results revealed that the value of F is 58.792, which is significant at 0.000. Durbin- Watson has value of 1.899 which is less than 3 so there is no issue of auto correlation. Value of adjusted R square is 0.238 which means that 1 unit change in independent variables will cause 23.8% change in dependent variable (loyalty). The p-value of service reliability is 0.000, which is significant at two levels (90%, 95%, 99%), where as the p-value of customer satisfaction is 0.015, which is significant at all two levels (90%, 95%) and the beta value of service reliability is reduce from 0.486 in step 3 to 0.425 in step 4 due to presence of mediator. The p-value 0.000 shows that partial mediation is significant at all three levels. Hence **H8** i.e. Customer satisfaction partially mediates the relationship between service reliability and customer loyalty, is accepted.

Table 8 shows the mediation analysis by taking **compliance** as an independent variable, satisfaction as mediator and loyalty as dependent variable.

The analysis consists of four steps:

In step 1, linear regression has been run by taking reliability as independent variable and mediator i.e. satisfaction as dependent variable. Results show that value of F is 280.443, which is a significant at 0.003. Durbin- Watson has value of 2.038 which is less than 3 so there is no issue of auto correlation. Value of adjusted R square is 0.430 which means that 1 unit change in independent variable (Service reliability) will

cause 43.0% change in dependent variable (satisfaction). P-value of a service compliance is 0.000, which is significant at all three levels (90%, 95%, 99%), and the beta is 0.657 which means that service compliance has 65.7% impact on customer satisfaction. By looking at the p-value of service compliance it can be concluded that there is a significant and positive relationship between service compliance and customer satisfaction. So **H5i.e**Service compliance has positive impact on customer satisfaction, is accepted. The analysis of step 2 is same as in previous table.

Step 3 shows that linear regression has been run by taking service compliance as independent variable and customer loyalty as dependent variable. Results revealed that the value of F is **92.918**, which is significant at 0.000. Durbin- Watson has value of **2.038** which is less than 3 so there is no issue of auto correlation. Value of adjusted R square is 0.199 which means that 1 unit change in independent variable (Service compliance) will cause 19.9% change in dependent variable (loyalty). The p-value of service compliance is 0.000, which is significant at all three levels (90%, 95%, 99%), and the beta is 0.448 which means that service reliability has 48.6 % impact on customer loyalty. The p-value and beta value of service compliance it can be concluded that there is a significant and positive relationship between service compliance and customer loyalty. So **H3i.e**Service compliance has positive impact on customer loyalty, is accepted.

Since all three steps have shown significant relationships so multiple regression has been run, at step 4, taking service compliance and customer satisfaction as independent variable and customer loyalty as dependent variable. Results revealed that the value of F is **49.329**, which is significant at 0.000. Value of adjusted R square is 0.207 which means that 1 unit change in independent variables will cause 20.7% change in dependent variable (loyalty). The p-value of service compliance is 0.000, which is significant at two levels (90%, 95%, 99%), where as the p-value of customer satisfaction is 0.012, which is significant at all two levels (90%, 95%) and the beta value of service compliance is reduce from 0.448 in step 3 to 0.360 in step 4 due to presence of mediator. The p-value 0.000 shows that partial mediation is significant at all three levels. Hence **H9i.e**. Customer satisfaction partially mediates the relationship between service compliance and customer loyalty, is accepted.

Advances in Managing Operations and Sustainability (AMOS 2017)

Table 8: Regression Analysis with Service Empathy as Independent Variable

Steps	Variables	Unstandardized coefficients		Standardized coefficients		F	Sig.	Adj. R ²
		B	Std. Error	Beta	t			
1 ^a	(Constant)	0.956	0.224		4.240		0.000	
	Service Empathy	0.764	0.060	0.551	12.691	161.063	0.000	0.301
2 ^b	(Constant)	2.531	0.168		15.106		0.000	
	Satisfaction	0.869	0.043	0.371	7.673	58.873	0.000	0.135
3 ^b	(Constant)	1.058	0.194		5.445		0.000	
	Service Empathy	0.738	0.052	0.595	14.233	202.582	0.000	0.352
4 ^b	(Constant)	1.005	0.199		5.056		0.000	
	Service Empathy	0.696	0.062	0.561	11.210	102.191	0.000	0.356
	Satisfaction	0.055	0.045	0.062	1.232		0.011	

Table 8 shows the mediation analysis by taking empathy as an independent variable, satisfaction as mediator and loyalty as dependent variable.

The analysis consists of four steps:

In step 1, linear regression has been run by taking empathy as independent variable and mediator i.e. satisfaction as dependent variable. Results show that the value of F is 161.036, which is significant at 0.000. Durbin- Watson has value of 1.888 which is less than 3 so there is no issue of auto correlation. Value of adjusted R square is 0.301 which means that 1 unit change in independent variable (Service empathy) will cause 30.1% change in dependent variable (satisfaction). The p-value of service empathy is 0.000, which is significant at all three levels (90%, 95%, 99%), and the beta is 0.551 which means that service empathy has 55.1% impact on customer satisfaction. By looking at the p-value of service empathy it can be concluded that there is a significant and positive relationship between service empathy and customer satisfaction. So **H6i**.eService empathy has positive impact on customer satisfaction, is accepted. The analysis of step 2 is same as in previous table.

Step 3 shows that linear regression has been run by taking service empathy as independent variable and customer loyalty as dependent variable. Results revealed that the value of F is 202.582, which is significant at 0.000. Value of adjusted R square is 0.352 which means that 1 unit change in independent variable (Service empathy) will cause

35.2% change in dependent variable (loyalty). The p-value of service empathy is 0.000, which is significant at all three levels (90%, 95%, 99%), and the beta is 0.595 which means that service empathy has 59.5 % impact on customer loyalty. The p-value and beta value of service empathy it can be concluded that there is a significant and positive relationship between service empathy and customer loyalty. So **H3** i.e Service empathy has positive impact on customer loyalty, is accepted. Since all three steps have shown significant relationships so multiple regression has been run, at step 4, taking service empathy and customer satisfaction as independent variable and customer loyalty as dependent variable. Results revealed that the value of F is **102.191**, which is significant at 0.000. Value of adjusted R square is 0.353 which means that 1 unit change in independent variables will cause 35.3% change in dependent variable (loyalty). The p-value of service empathy is 0.000, which is significant at all three levels (90%, 95%, 99%), where as the p-value of customer satisfaction is 0.011, which is significant at all two levels (90%, 95%) and the beta value of service empathy is reduce from 0.595 in step 3 to 0.561 in step 4 due to presence of mediator. The p-value 0.000 shows that partial mediation is significant at all three levels. Hence H10 i.e. Customer satisfaction partially mediates the relationship between service empathy and customer loyalty, is accepted.

Table 9: Represents the Result Summary

Hypothesis	Results
H1: Service Reliability has a positive impact on customer loyalty.	Accepted
H2: Service Compliance has a positive impact on customer loyalty.	Accepted
H3: Service Empathy has a positive impact on customer loyalty.	Accepted
H4: Service Reliability has a positive impact on customer satisfaction.	Accepted
H5: Service Compliance has a positive impact on customer satisfaction.	Accepted
H6: Service Empathy has a positive impact on customer satisfaction.	Accepted
H7: Customer Satisfaction has a positive impact on customer loyalty.	Accepted
H8: Customer satisfaction partially mediates the relationship between service reliability and customer loyalty.	Accepted
H9: Customer satisfaction partially mediates the relationship between service compliance and customer loyalty.	Accepted
H10: Customer satisfaction partially mediates the relationship between service empathy and customer loyalty.	Accepted

Discussion

The focus of this study was to determine the impact of service quality i.e. reliability, compliance and empathy on customer loyalty. What's more, this exploration likewise discovered the mediating part of

customer satisfaction between service quality and customer loyalty. This present research increases the value of the developing learning concerning the effect of service quality on customer loyalty particularly from Pakistani perspective.

Service qualities determinants are greatly differ from place to place and from culture to culture. So in order to increase the generalizability, this study investigates the impact of service quality on customer loyalty with mediating role of customer satisfaction in Pakistan's banking sector. This research shows the positive relationship between service reliability on customer loyalty. This result is aligned with many of the past researches showing positive impact of service reliability like Horrison (2003) in his study he suggested that customers are more loyalty with organization when their quires are entertain on time and their record are maintain efficiently. In the similar way the result of this research is contradict with the results of Naser et al., (1999), which show a negative relation or no relationship between these two factors. However some studies show that service reliability leads to customer satisfaction. The reliability dimension stands how bank keeps its promises. According to findings of current study service reliability have positive impact on customer satisfaction which is similar to the findings of Parasuraman (1998), according to their findings reliability of the store can have an impact on the image of the store and service quality and resulted in satisfaction of customer

In order to study Islamic banking one more dimension that compliance should be kept in mind as it refers to determinedly obedience to Shariah law. This research shows the positive relationship between service compliance on customer loyalty. This result is aligned with many of the past researches showing positive impact of service compliance. Importance of Shariah Compliance is emphasized as most important driver of customer satisfaction in Islamic banks which make customers more loyal (Osman et al. 2009; Amim et al., 2013; Jabnoun and Khalifa., 2005).

A few examinations group religious proclivity as a vital determinant of managing Islamic banks, for example, Metawa and Almoosawi (1998) and Naser et al., (1999), which others archive, for example, Erol and Al-Bdour, (1989) demonstrate a negative connection or no connection between these two elements Gerrard and Cunningham (1997). Cronin and Taylor (1992) and Oliver (1989) expressed that compliance is critical for customer satisfaction in Islamic bank, and by it service quality impacts customer loyalty. It can be considered as spine of the bank. At the point when customers are fulfilled they turn out to be

more loyal. The current study also shows the similar result that service compliance has a positive impact on customer satisfaction.

Financial services especially banks should be concerned in offering special attention to their customers because customers will feel more satisfied and become loyal. Empathy is all about helping customers in terms of place, time and better communication. Majority of people are greatly influenced by this dimension of service quality and it has been proved by many of researchers. In this current research results show positive impact of service empathy on customer satisfaction. According to Bitner (1990) in order to increase customer loyalty organization management should actively improve service quality through empathy. Some studies show that empathy and customer loyalty have a positive relationship because of this customer feels special and like to retain services again and again (Munusamy et al., 2010). In the same way the result of current research is contradictory with the results of Naser et al., (1999), which show that there is a negative relationship between these two factors. However according to Delone et al., (2009) service empathy leads to customer satisfaction but does not result in customer loyalty. Up to customer satisfaction, current study findings match with their findings which show that service empathy has a positive impact on customer satisfaction.

In order to increase customer loyalty, it is understandable that organization must seek to eliminate both natural and artificial customer exit reasons. An impact on the development of customer loyalty concept has been made by service quality therefore it can be regarded as one of the most usually examined customer loyalty determinants. Concurring Levesque and McDougall (1996) and Jamal and Naser (2002) in assessing either customer confidence in an association or customer perspective of an association, unmistakable and elusive constituents of service quality were extremely important. According to the findings of current study customer satisfaction has a positive impact on customer loyalty which are similar as Cronin and Taylor (1992) and Oliver (1989) studies which stated that service quality is extremely important for customer satisfaction, and by it service quality impacts customer loyalty. It can be stated, that restriction of service quality studies is a discrepancy in determining link between customer loyalty and service quality. Some studies (such as Cronin and Taylor, 1992; Oliver (1989)) have found that service quality through satisfaction decides customer satisfaction and affects customer loyalty. However other studies (such as Bolton and James; 1991), in contrast have justified the impact of customer satisfaction on service quality. According to Muslim and Isa, (2005) for satisfying and retaining esteemed customers both product and services

quality is commonly noted as a critical prerequisite. It is certainly true that delivery of high service quality to customers (Karatepe et al., 2005) offers firms to make a distinction themselves as well provide them an opportunity in competitive markets. Hence it is essential for marketers to ensure delivery of superior service values to their customers, especially for those companies that are active in banking sector (Parasuraman, Zeithaml, & Berry 1985). According to the findings of current study customer satisfaction partially mediates between services reliability and customer loyalty, service compliance and customer loyalty, service empathy and customer loyalty which are similar as the findings of Bolton and James (1991) and Cronin and Taylor (1992) and Oliver (1989) studies which stated that service quality is critical for customer satisfaction, and by it service quality impacts customer loyalty. While on the other hand some studies (such as Cronin and Taylor, 1992; Oliver (1989) have found that service quality through satisfaction decides customer satisfaction and affects customer loyalty. According to Zeithaml et al. (2000) if customer of organization is satisfied especially with services of organization this will definitely resulted in customer loyalty to that organization which is positive for the organization.

Conclusion

The focus of this study was to decide the impact of service quality determinants on customer loyalty. After testing hypothesis and supporting the results from previous studies it can be concluded that service quality is ensure effectively and carefully it will lead to the positive impact of service reliability, service compliance and service empathy on customer satisfaction and finally it will lead to customer loyalty. The most important fact revealed by this study is that customer satisfactions are greatly dependent on quality of services provided by Islamic bank. This study has been conducted under the banking sector of Pakistan however results may differ in other sectors. The reason why now a days all banks in Pakistan like Habib, Mazan, BOP, Itamaad, Emman etc are heavily focusing on service quality has been verified in this study.

This research has proved that using service reliability, service compliance and service empathy to increase the customer satisfaction that lead to customer loyalty is not only a focus of western countries but it is quite effective in Pakistan's banking sector as well. It shows that new trends in services are emerging in Pakistan as in west. So regardless of limitations the current research has successfully justified that service quality greatly impact the customer loyalty in Pakistan's Islamic banking sectors.

Managerial Implications:

According to current study, customers of Islamic bank of Pakistan are satisfied with products and services provided by bank. Compliance factors of service quality in Pakistani banking sector was found equally significant for customer loyalty as by Zafar et al., (2012), Therefore in order to gain competitive advantage Islamic banks have to focus more on compliance factors and ensure that customer's are well aware of the factor through promotion as well as emphasis on strategic choice in providing products. Islamic banking should provide financial counseling as well as do advertisement to attract Muslims customers

Recommendations:

- Manager must try to maintain long term relationship with their customers by delivering what they promise and show them that they are not opportunistic but honest.
- Manager should take feedback from their customer on regular basis and incorporate the changes according to feedback.
- In order to improve employee customer relationship managers should arrange training programs for their employees.
- Parking facilities for customers should be spacious so that they should be tension free regarding the parking of their vehicles.
- Manager must ensure that customer complaints are entertained most effectively and timely.
- They must ensure that all service quality facilities are equally available in all branches of bank.
- Receptionists must be knowledgeable.
- Managers should consider the effective researcher in their team, so that they analyze the future needs of customer on time.
- In order to increase the trust of customer's manager should introduce all services in every branches of bank that they advertise.

Limitations and Suggestion for Future Research:

Data is collected from twin cities only is the limitation of current study. So in order to increase the generalizability data can be collected from different cities of Pakistan. Second is that the data is collected only from customer of Islamic bank i.e. they are having only Islamic bank account. Hence in future data can be collected from customers who are having accounts in both Islamic and Conventional banks. Furthermore this study was completed on cross sectional base. So in order to overwhelm this, in future longitudinal research can be carrying out in order to evaluate direct effects of independent variables on dependent variable respectively.

References:

- Amin, M., Isa, Z. and Fontaine, R. (2013). Contrasting the drivers of customer satisfaction on image, trust, and loyalty of Muslim and non-Muslim customers in Malaysia. *International Journal of Bank Marketing*. 31 (2), 79-97
- Ananth, A., Ramesh, R. and Prabaharan, B.(2011).Service Quality GAP Analysis in Private Sector Banks A Customer Perspective. *Internationally Indexed Journal*. 2(1) 245-252.
- Anderson, E.W. and Fornell, C. (1994). A customer satisfaction research prospectus", in Rust, R.T. and Oliver, R.L. (Eds), *Service Quality: New Directions in Theory and Practice*, Sage, Thousand Oaks, CA, 241-68.
- Angeles Calif: Stage Publications.
- Asker, D.A., (1991). *Managing Brand Equity: Capitalizing on the Value of a Brand Name*. New York: The Free Press
- Asubonteng, P., McCleaty, K. and Swan, J. (1996). SERVQUAL revisited: a critical review of service quality" *Journal of Service Marketing*. 10 (6), 62-81
- Avkiran NK (1994). Developing an instrument to measure customer service quality in branch banking. *Inter. Journal of Bank Marketing*, 12, 10–18.
- Balachandran, M. (2005).Strategic Model for Re-positioning of PSB. *IBA Bulletin*. 27 (8),5-8.
- Ball, D., Coelho, P.S. and Vilares, M.J. (2006).Service personalization and loyalty.*Journal of Services Marketing*. 6 (6), 391-403.
- Berry, L., Zeithaml, V. and Parasuraman, A. (1988) The service-quality puzzle", *business Horizons*. 31 (5), 35-43. Babakus, E. and Boller, G.W. (1992), An empirical assessment of the SERVQUAL scale. *Journal of Business Research*. 24, 253-68.
- Bitner, (1990). Evaluating service encounters:the effects of physical surroundings and employee responses. *Journal of Marketing*. 54, 69-82.
- Bitner, M.J. (1990). Evaluating service encounters. The effects of physical surroundings and employee responses. *Journal of Marketing*. 54, 69-82.
- Bolton, Ruth N. and James H. Drew (1991), "A Longitudinal Analysis of the Impact of Service Changes on Customer Attitudes," *Journal of Marketing*, 55 (1), 1-10
- Boulding, W., Kalra, A., Staelin, R. and Zeithaml, V.A. (1993). A dynamic process model of service quality: from expectations to behavioral intentions. *Journal of Marketing Research*. 30,7-27.

- Carman, J.M. (1990). Consumer perceptions of service quality: an assessment of the SERVQUAL dimensions. *Journal of Retailing*, 66, 33-55.
- Caruana, A. (2002). Service loyalty. The effects of service quality and the mediating role of customer satisfaction. *European Journal of Marketing*, 36(7), 811-828.
- Caruana, A., Money, A.H. and Berthon, P.R. (2000). Service quality and satisfaction- the moderating role of value. *European Journal of Marketing*, 34(11), 1338-1352.
- Cooper, D. R. and Schindler, P. S. (2006). *Business Research Methods*. Pennsylvania: McGraw-Hill Irwin.
- Cronin, J. J., & Taylor, S. A. (1992). Measuring service quality: A re-examination and extension. *Journal of Marketing*, 56(3), 55-68.
- Czepiel, J. (1990). Managing Relationships with Customers: A Differentiation Philosophy of Marketing. *Service Management Effectiveness*. 299-323.
- Dabholkar, P.A., Shepherd, C.D. and Thorpe, D.I. (2000). A comprehensive framework for service quality: an investigation of critical conceptual and measurement issues through a longitudinal study. *Journal of Retailing*. 76(2), 139-73.
- Delone, I., lam, Mclean A., Rashid, W.E.W. and Jusoff, K. (2009). Customer satisfaction in Malaysian islamic banking. *International Journal of Economics and Finance*. 1 (1), 197-202.
- Erol, C. and El-Bdour, R. (1989). Attitude, behaviour and patronage factors of bank customers towards Islamic banks. *International Journal of Bank Marketing*, 7 (6), 31-7.
- Eshghi, A., Roy, S., and Ganguli, S. (2008). Service quality and customer satisfaction: An empirical investigation in Indian mobile Telecommunications services”, *Marketing Management Journal*. 18 (2), 119-144.
- Eskildsen, J., Kristensen, K., Juhl, H.J. and Ostergaard, P. (2004). The drivers of customersatisfaction and loyalty. The case of Denmark 2000-2002. *Total Quality Management*, 15 (5), 859-868.
- extension'. *Journal of Marketing*. 56, 55-68.
- Fornell, C. (1992). A national customer satisfaction barometer: the Swedish experience.
- Gerrard, P. and Cunningham, J.B. (1997). Islamic banking: a study in Singapore. *International Journal of Bank Marketing*, 15(6), 204-216
- Gerrard, P., Cunningham, B. (2001). Singapore’s undergraduates: how they choose which bank to patronize. *International Journal of Bank Marketing*. 19 (3), 104 – 114.

- Gilbert A. Churchill, Jr. and Carol Surprenant (1982), "An Investigation into the Determinants of Customer Satisfaction," *Journal of Marketing Research*, 19(4), 491-504
- Hallowell, R. (1996). The relationships of customer satisfaction, customer loyalty, and profitability: an empirical study. *International Journal of Service Industry Management*. 7 (4), 27-42.
- Hamidzadeh, M.R., Jazani, N., Hajikarimi, A. and Ebrahimi, A. (2011). The proposed model for explanation of influential factors on customer satisfaction in banking industry. *Interdisciplinary Journal of Contemporary Research in Business*. 3 (4), 136-143.
- Hansemark, O.C. and Albinsson, M. (2000). Customer satisfaction and retention: the experiences of individual employees. *Managing Service Quality*. 14(1), 40-57.
- Harrison, T. (2003). Why trust is important in customer relationships and how to achieve it. *Journal of Financial Services Marketing*, 7(3), 206.
- Hayat, M. A. (2012). A comparative study of conventional and Islamic banks in Pakistan. *Journal of Islamic Marketing*, 2 (3), 203-224.
- Jabnoun, N. and Khalifa, A. (2005). A customised measure of service quality in the UAE. *Managing Service Quality*. 15(4), 374-388.
- Jamal, A. and Naser, K. (2002). Customer satisfaction and retail banking: an assessment of some of the antecedents of customer satisfaction in retail banking. *International Journal of Bank Marketing*, 20 (4) 146-160.
- Joseph, M., Sekhon, Y., Stone, G., and Tinson, J. (2005). An exploratory study on the use of banking technology in the UK. A ranking of importance of selected technology on consumer perception of service delivery performance. *International Journal of Bank Marketing*. 23 (5), 397-413.
- Karatape, O., Yavas, U. and Babakus, E. (2005). Measuring service quality of banks: scale development and validation. *Journal of Retailing and Consumer Services*. 12 (5), 373-83.
- Kaynak, E. and Yavas, U. (1985). Segmenting the Banking Market by Account Usage: An Empirical Investigation. *Journal of Professional Services Marketing*. 1(2), 177-88.
- Kumar, V., Pozza, I. D. and Ganesh, J. (2009). Revisiting the Satisfaction–Loyalty Relationship: Empirical Generalizations and Directions for Future Research. *Journal of Retailing*, 89(3), 246-262

- Lam, R. and Burton, S. (2006). SME banking loyalty (and disloyalty): a qualitative study in Hong Kong. *International Journal of Bank Marketing*, 24 (1), 37-52.
- Levesque, T., & McDougall, G. (1996). Determinants of customer satisfaction in retail banking. *International Journal of Bank Marketing*, 14(7), 12-20.
- Lim, P. and Tang, N. (2000). A study of patients' expectations and satisfaction in Singapore hospitals. *International Journal of Health Care Quality Assurance*, 13 (7), 290-299.
- Lopez, J., Hart, L.K. and Rampersad, A. (2007). Ethnicity and customer satisfaction in the financial services sector. *International Journal of Bank Marketing*, 17(3), 259-274.
- Magesh, R. (2010). A Study on Quality of Service as a Tool for Enhancement of Customer Satisfaction in Banks. *Global Journal of Finance and Management*, 2 (1), 123-133.
- Meidan, A. (1996). *Marketing Financial Services*, Macmillan Press, Houndmills.
- Metawa, S. A., & Almosawi, M. (1998) Banking behavior of Islamic bank customers: perspectives and implications. *International Journal of Bank Marketing*, 16(7), 299-313.
- Mihelis, G., Grigoroudis, E., Siskos, Y., Politis, Y. and Malandrakis (2001). Customer satisfaction measurement in the private sector. *European Journal of Operational Research*, 130 (2001), 347-360.
- Munusamy, J., Chelliah, S. and Mun, H. (2010). Service Quality Delivery and Its Impact on Customer Satisfaction in the Banking Sector in Malaysia. *International Journal of Innovation, Management and Technology*, 1(4), 398-404
- Muslim A. and Isa, Z. (2005). Islamic banking in Malaysia: An empirical analysis of service quality and customer satisfaction. *Proceeding of Seminar Finance and Islamic Economics, University Utara Malaysia, Ogos*, 29-30
- Naser, K., Jamal, A. and Al-Khatib, K. (1999). Islamic banking: a study of customer satisfaction and preferences in Jordan. *International Journal of Bank Marketing*, 17 (3), 135-50.
- Oliver, R.L. (1989). Processing of the satisfaction response in consumption: a suggested framework and research propositions. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behaviour*, 2, 16.
- Oliver, R.L. (1993). A conceptual model of service quality and service satisfaction: compatible goals, different concepts in Swartz,

- T.A., Bowen, D.E. and Brown, S.W. (Eds). *Advances in Service Marketing and Management*. 2, 65-85.
- Oliver, R.L. (1997). Satisfaction: A Behavioral Perspective on the Customer, Irwin McGraw-Hill, Boston, MA.
- Osman, I., Ali, H., Zainuddin, A., Rashid, W.E.W. and Jusoff, K. (2009). Customer satisfaction in Malaysian islamic banking. *International Journal of Economics and Finance*. 1 (1), 197-202.
- Othman, A. & Owen, L.(2002).The multidimensionality of CARTER models to measure customer service quality in Islamic banking industry: a study in Kuwait Finance House. *International Journal of Islamic Financial Services*, 13(4),1-12.
- Parasuraman, A. (1998),. Customer service in business-to-business markets: an agenda for Research. *The Journal of Business & Industrial Marketing*, 13(4), 309
- Parasuraman, A., Berry, L. L. &Zeithaml, V. A. (1991). Understanding customer expectations of service. *Sloan Management Review*, 32(3), 39-48.
- Parasuraman, A., Berry, L.L. and Zeithaml, V.A. (1991). Refinement and reassessment of the SERVQUAL scale. *Journal of Retailing*. 67, 420-50.
- Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1985). A conceptual model of service quality and its implication for future research. *Journal of Marketing* 49(4), 41-50.
- Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1985). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*. 64, 12-40
- Sadek, D., Zainal, N., Taher, M. and Yahya, A.,(2010). Service Quality Perceptions between Cooperative and Islamic Banks of Britain. *American Journal of Economics and Business Administration*,2(1), 1-5.
- Sangeetha, J., &Mahalingam, S. (2011). Service quality models in banking: a review. *InternationalJournal of Islamic and Middle Eastern Finance and Management*. 4(1), 83-103.
- Sekaran, U.(2003). *Research Methods for Business*. New York: John Wiley & Sons.
- Tsoukatos, E and. Rand,G. (2006). Path analysis of perceived service quality, satisfaction and loyalty in greek insurance. *Managing Service Quality*,16 (5), 501-519.
- Wisniewski, M. (2001). Using SERVQUAL to assess customer satisfaction with public sector services. *Managing Service Quality*, 11(6), 380-388.

- Wisniewski, M. and Donnelly, M. (1996). Measuring service quality in the public sector: the potential for SERVQUAL. *Total Quality Management*. 7(4), 357-365.
- Yang, Z. and Fang, X., (2004). Online service quality dimensions and their relationships with satisfaction: A content analysis of customer reviews of securities brokerage services. *International Journal of Service Industry Management*. 15(3), 302 – 326.
- Yavas, U. and Shemwell, D.J. (1996). Bank image: exposition and illustration of correspondence analysis. *International Journal of Bank Marketing*. 14(1) 15-21
- Zafar, M., Zafar, S., Asif, A., Hunjra, A. I, & Ahmad, M. (2012). Service quality, customer satisfaction and loyalty: An empirical analysis of banking sector in Pakistan. *Information Management and Business Review*, 4(3), 159-167.
- Zeithaml, V. (2000). Service quality, profitability and the economic worth of customers: What we know and what we need to learn. *Journal of the Academy of Marketing Science*. 28(1), 67- 85.
- Zeithaml, V., Berry, L. and Parasuraman, A.(1996). The behavioral consequences of service quality. *Journal of Marketing*. 60, 31-46.