



Customer satisfaction level in islamic banking and conventional banking (a case of Pakistan)

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Abstract

The main purpose of this research study was to identify the level of customer's satisfaction by using the products and services of both Islamic and conventional banks in Pakistan. Furthermore, this research study determined the customer's satisfaction level in banking in terms of; internet banking, management interaction and the banking environment, service quality in term of SERVQUAL model, ATM facilities, privacy and security. The main objective of the study was to investigate the following main points. (1) Customer's satisfaction level in Islamic and conventional banks. (2): Why customers prefer to choose Islamic banking system in Pakistan? (3): Why customers prefer to choose conventional banking system in Pakistan? It is therefore, a critical literature has been carried out which investigated the real factors through which customer satisfaction take place in banking sector. The closed ended questionnaire has been used in this research study in order to collect research data. To analyze the collected data, cross tabulations and charts have also been used which showed the satisfaction level of the customers of Islamic and conventional banks and also to differentiate between the participant's responses of Islamic and conventional banks. A large number of factors have been observed from the research study analysis which illustrated that, in Pakistan, customers are more satisfied from the products and services of conventional banks rather than that of Islamic banks. However, in Pakistan, the customer satisfaction in all financial institutions is not as good as according to the standard. In addition, the banking sector is trying to improve all of their products and services and want to make them according to the international standard. But due to various factors such as; the political instability and religious norms, the banking sector is still far behind.

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Introduction

In the modern world, rapid expansion and sophistication have been observed in the banking and financial activities as compare to that of few decades before. As a result, various concepts of banking come into being. To attract and satisfy the customers banking sector is not only focusing on payment or depositing services but they have adopted various investment, management and financial strategies. These varieties of strategies and plans which include securities, pension funds, insurances and Mortgages etcetera have attracted the customers toward the banking sector. On one side, Profitability in business has been increased but on the other side, the risk has also been increased. Islamic banking system is considered as a major change in banking sector. Furthermore, the development and expansion have been observed in the Islamic banking system due to which a large number of customers are attracted toward them day by day. However, majority of products and services offered by Islamic banks are very similar to that of conventional banks and will be highlighted in the remaining part of this research work. According to Hassan and Lewis (2007) from the last three decades, a tremendous development have been observed in Islamic banking system, so, approximately 200 Islamic banks work successfully

around the globe in 70 different countries. Like conventional banks, Islamic banks are also spreading very fast in various countries including United States of America (USA), United Kingdom (UK), Pakistan, Indonesia, Malaysia and Middle East.

The satisfaction providing, and retaining the customers are the chief objectives of any financial institution. As for as, the importance of customers in the banking sector is concerned, modern banks are providing various products and services to their customers on the basis of easy terms and conductions. Hence, the customers of both Islamic and conventional banks are attached with their banks due to certain reasons such as the profitability, religious norms and security etcetera.

The research problem

The research study mainly focuses to cover the gaps regarding the satisfaction of customers in both conventional banking system and Islamic banking system. For this purpose a number of arguments have been discussed about the customer satisfaction in the very beginning of research study. The main focus of this research study is to investigate that which banking system is more attractive for customers and which banking system is more customers central. As Islamic



banking system is purely based on the profit and loss sharing and interest is forbidden while conventional banking system is totally based on the interest. According to Gait and Worthington (2009) profit and loss sharing and prohibition of interest are the fundamental principle due to which Muslim customers are attracted towards the Islamic financial system rather than that of the conventional banking system. While on the other hand Kamla (2009) claimed that in Islamic banking system exclusion of interest and profit and loss sharing very low. Furthermore, the research study is also focussing on the various products and services offered by Islamic and conventional banks in order to attract customers. In other words, which products and services (Islamic or conventional banks) are better than the other and either these products or services can be used by both Muslim and non Muslim customers.

It is not easy to search a significant literature on customer satisfaction level in both Islamic banks and conventional banks, however, to fill the gap a great effort have been done with the help of this research study in order to show the customer's willingness for a specific banking sector. As a result, the main purpose of the research study is to explore the main factors which bond the customers for a specific banking system (Islamic banking system or conventional banking system). In addition, the research study also aim to investigate that either Interest, or religion belief are the only factors which split the banking system into two systems or there some other factors involve in the selection of Islamic or conventional banks.

LITERATURE REVIEW

Customer satisfaction

In business studies, customer satisfaction is very popular research topic which means "the customer's feeling for using the products and services (Yoon, 2010). According to Jamal and Naser (2002) customer satisfaction is the customer's attitude or feeling for products and services after using. In this way the customers which are satisfied from the given product and services will help to attract other customers and perform a positive role to develop an organisation and increase future earnings. In the same way, Taylor and Baker (1994) stated that Customer satisfaction play a key role to know the future attentions of the customers to buy a particular product. Likewise, File and Prince (1992) stated that the customers which are satisfied can also perform a function of advertisement by telling their experience to other customers. Therefore a customer can only be loyal and satisfied from a particular company when their product and services have good quality as compare to their competitors (Dimitriades, 2006).

Almost all organisations around are the world are very serious about the customer satisfaction because customer satisfaction has very large affect on the market share of firms and the customer retention (Hansemark and Albinsson, 2004). Similarly, Anderson et al., (1997) has also concluded that there is a positive relationship among financial performance, customer service quality, loyalty of customer and customer satisfaction. The more improve the product and services of a corporation, the more will be the customer satisfied and so on. Likewise, Brady et al., (2002) argued that customer satisfaction depends on the service quality of a company. On the other hand, Gursoy and Swanger (2007) are of the claimed that there is no positive relationship between customer satisfaction and financial performance because when financial performance of an organisation is high the customer satisfaction may not be affect.

According to Meuter et al., (2000) many consumer researchers and marketers considered customer satisfaction as a significant issue (theoretical and practical issue). Majority of corporations are struggling to improve the quality of products and services to attract their customers and considered customer satisfaction as a corporate goal (Biter and Hubbert, 1994). In this way the satisfied customers plays an important role to repurchase a particular product and they become a source of advertisement by advising friends and relatives to use the same products and services. Buzzel and Gale, (1997) noticed that both high quality services and customer satisfaction both bring improvement in market share of a company and attract the customers

to repurchase. Therefore, Anderson and Narus, (1990) concluded that to build a stable relationship between a consumer and a producer, trust is also considered as an important element which has a great impact on the customer satisfaction. While examining the performance of Dutch firms, (De Vries and De Jong 2002) found that for the satisfaction of employees, customers plus competitive advantages, quality standards is very necessary.

Customer satisfaction in banking

Customer satisfaction play an important role to determine that; why customers staying or leaving an organisation? Like in other businesses, customer satisfaction has its own importance in banking sector. Zeithaml and Bitner (2000) argued that banking sector is very keen to provide various facilities to the customers including such as the self services technology. The importance of self services technology is to bring improvement in the geographical coverage, high security, modification of consumer behaviour, price competition, wide distribution, low cost, customised services, convenience and the active participation of the customers. On the other hand a study conducted by (Leeds, 1992) shows that due to the poor performance of various banks, about 40 percent of customer switched banks. His study shows that approximately three quarters of banks customers tried to choose a bank having teller courtesy and so. Furthermore, to reduce the customer attrition and to improve the customer satisfaction, professional behaviours and improvement in the service quality are also required. Similarly, Clemes et al., (2007) found that the switching behaviour of customers is due to various factors which are very complex. Stewart (1998) argued that for a bank the following factors are very important to attract the customers.

(1): Quality banking services (2): providing confidence and information time by time (3): availability of facilities and (4): low charges and their implementations.

Customer satisfaction in term of internet banking

The internet banking can be defined as: the internet portal from which various services of banks can be used by the customers ranging from the bills payments to other investment Pikkarainen, et al, (2004). There are many factors which are required for the internet banking, for example: regularity and legal framework, the usage of internet by the household, features of online banking and the access to internet and so on. Thus, Internet banking provides satisfaction to the customers by providing the dependable, quick and speedy services which is far better than the manual banking system (Nupur, 2010). In addition, De Young, (2001) described the facilities of internet banking such as: by the click of a mouse any kind of banking transaction is possible with the help of internet banking.

Customer satisfaction in term of service quality by applying servqual model

In the service marketing literature, SERVQUAL model is the principle instrument used for the evaluation of quality services (Parasuraman et al., 1991). The study conducted by Lassar et al., (2000) shows that both SERVQUAL model and functional/quality frames are very well known perspectives on the quality services. Kettinger and Lee, (1994) and Nitecki, (1996) concluded that besides the marketing sector SERVQUAL model is also very helpful for the organizational setting, consisting the information centre and libraries etcetera. Parasuraman et al., (1988) noticed that the service quality has five dimensions which are indicated by the SERVQUAL instrument. These five dimensions of service quality arise from various services which are given as: the responsiveness, assurance, empathy, reliability and tangibility aspect. These five dimensions are explained by Compton and Mackey, (1989) as empathy concerns the caring of customer, assurance pertain the employee's courtesy and knowledge, responsiveness deals with the employees performance, reliability is dependability and performance and tangibility concerns with physical evidences of service providing and so on.

Customer satisfaction in term of atm facilities



ATM (Automated Teller Machine) is basically used to make small loans, collect bills, transferring of funds between various accounts, issue withdrawals and accepts deposits etcetera. In banking sector ATM is very much visible revolution (Litan, 1999). Besides, Mcandrews (2003) describe a number of utilities and importance in his article as: ATM has reduced cost servicing, cash can be easily withdrawal from any place and at any time, no need to visit to a bank to withdrawal cash and it save the time as well. Furthermore, Raihan, et al., (2001) stated that in recently in Bangladesh, the shared ATMs network has been introduced and will be promoted to other parts of the country. Similarly, Raihan (1998) observed that by using the ATM and other internet facilities for transaction, the cost of banks will be reduced and will gain more profit.

Customer satisfaction in term of interest (Profit)

In banking sector, interest rate plays a very important role to determine the customer satisfaction. The study of Classical economists shows that at a higher level of interest the saving of consumers will be high (Haron and Ahmad, 1994). Additionally, Conventional banks offer various types of deposits to the depositors at different rates of interest. The depositors will gain more profit if the maturity of deposit is longer and vice versa (Haron and Ahmad, 1994). On the other hand, Rose, (1991) claimed that banking sector not only take away the shares from the rivals but also focus to increase profitability and protection of banks.

Customer satisfaction in term of security and privacy

In modern banking system, security plays an important role to satisfy the customers. According to Ranganathan and Ganapathy (2002) for e-commerce applications, security is one of the most important factors. In the internet security there are different technical advancements that is: authentication, certificates, digital signatures and cryptography. So using internet customers concerned on security of monetary transactions. Yoon (2010) argued that with the help of online banking monetary transaction takes place. So by removing the security concern, the satisfaction of customers will be increase with the online banking. Similarly, Liao and Cheung (2008) found that in online banking security is an important factor to satisfy the customers.

Customer's preference to select islamic banking sector

According to Iqbal and Molyneux (2005) in both Islamic and Non Islamic countries, Islamic banking has gained too much popularity due its fastest growth and variety of products and services. Khan and Bhatti (2008) found that in the financial world, the estimated worth of Islamic bank sector has reached to one trillion United States dollar (\$1 trillion) and it is expected that in 2012, the size Islamic banking industry will develop from \$700 to \$1.6 trillion. Similarly, a report issued by (SBP Islamic Banking Bulletin, October, 2009) shows that in Pakistan, the development in the Islamic banking institution has increased to 60% every year (5.3% in assets and 5.5% in deposits) from 2005 to September 2009. Following are some factors which show the customer's preference to select Islamic banks.

According to Awan and Bukhari (2011) religious belief has been considered as one of the most important factor for selecting Islamic banks and has been mentioned in a large number research works. Awan and Bukhari (2011) also argued that for banking services, Muslim customers mostly focus on the religious belief. While, Zaher and Hassan (2001) is of the opinion that religious belief is not an important factor for Muslim customers to choose a bank. A survey conducted by Omer (1992) shows that in the United Kingdom, the conventional banks which offered the services of Islamic banks have majority Muslim customers rather than those banks which do not offered any Islamic modes of finance. In the same way, Hegazy, (1995) in Egypt, approximately 98.8 percent of Muslims used the services of Islamic banks.

Customer's preference to select conventional banking system

Like Islamic banks, there are various factors which show the customers preference of Conventional banking system rather than that of Islamic banking system. Some of these factors are given below. According to Kamel (2002) customers prefer conventional banking system due to the higher rate of interest. Conventional banking has different kinds of deposits account which offers various rate of interest. Haron (2001) argued that interest rate is positively related with the saving. If customers increase their saving than banks will offer them maximum rate of interest. Similarly, Conventional banks on various depository schemes, offer different rate of interest. So in banking sector interest rate is considered as the centre of all financial activities (Ariff, 1988). In conventional banks, due to change in the deposit prices various factors are affected which include deposit mix decisions, the balances of customers, deposit rate of interest and the rate of loan offered by the banks (Haron and Ahmed, 1994).

Fast and reliable services and increase in the number of branches are other important factors which attract customer from Islamic banking sector to conventional banking section. For example in Malaysia in the year 2006, the ATMs facilities provided by conventional banks were 4,869 and that of Islamic banks were 766 (Parker, 2007). In the same way, Khattak and Rehman (2010) stated that the services offered by conventional banks are low cost as compare to that of the Islamic banks. It is therefore the financial system of Islamic banks is very complex as compared to the conventional banks.

Research methodology

The research methodology

The cross tabulation method is used to analyze the data of the research. On likert scale statement of questionnaire, the Pearson Chi square has also been applied by the researcher so that to explore the differentiation of responses of the both banks (Islamic and conventional banks) participants.

The boundaries (or) universe of research study

In the research study, for any type investigation the regions or boundaries of the research should be very clear (Kumar, 2008). Hence, in Pakistan, the boundaries have been defined by the researcher that is, all the four provinces. In these four provinces the network of both conventional and Islamic banks is present and operating their services to satisfy their customers from various product and services. Furthermore, customers have been chosen by the researcher from four conventional banks and four Islamic banks so that to achieve the objectives. Furthermore, for Islamic and conventional banks, the boundaries have been reduced to Punjab and Khyber Pakhtoonkhwa provinces.

In this research study, 5 main cities such as Islamabad, Rawalpindi, Faisalabad, Lahore and Attock have been selected in the Punjab province by the researcher. On the other hand, Swabi, Peshawar, Timergara, Nowshera, Mardan, Mansehra, Kohat, Charsadda, Batkhela, Bannu and Abbotabad are the main cities in Khyber Pakhtoonkhwa for the research study's boundaries. In addition, the results obtained will also be applicable in the remaining parts (provinces) of Pakistan.

Sampling type and ssize of the research study

A total number of 430 participants (customers) from both conventional and Islamic banks have been chosen by the researcher in order to explore their level of satisfaction. It is therefore, from the province of Punjab and province of Khyber Pakhtoonkhwa, 430 participants have been chosen in which 250 participants (customers) are selected from Islamic banks while the remaining 180 participants (customers) are chosen from the conventional banks. In addition, in order to investigate the customer satisfaction level, four conventional banks and four full fledged Islamic banks have been chosen in the research study.



The data collection methods (or) methods for data collection

The data collection method used in this research study (customer satisfaction level in Islamic and conventional banking system) is the qualitative method. In this research study, to collect data, email (electronic method) has been applied by the researcher. Moreover, the researcher gets all the answers (responses) from the closed ended questionnaire.

The descriptive statistics

Participants have been chosen from eight different banks in Pakistan, four from conventional banking system and four banks from Islamic banking system. The participants which have been selected from conventional banks consist of; United Bank Ltd Pakistan, Muslim commercial Bank Ltd Pakistan, Askari Bank Limited Pakistan and Bank of Khyber Pakistan. On the other hand respondents are also been selected from Islamic banks which consist of; Emirates Global Islamic Bank Limited, Meezan Bank Limited, Dubai Islamic Bank Pakistan Limited and Al Baraka Islamic Bank Limited.

The numbers of questionnaires distributed for the research study are 500. The data received from these questionnaires are 430 in numbers and the unanswered questionnaires are 70. Hence, the rate of response was more than 80%. So this response is better for statistical analysis. In addition, it is very necessary to know that for the research study if the rate of response is lower than 60% than the response rate will be hardly acceptable. In Pakistan a total of 96% population are Muslim, so in this research study, all the selected respondents are Muslim. Furthermore, among 430 participants, the numbers of males are 296, while 134 participants are female which become 68.8% and 31.2% respectively.

The data collected for the research study consists of different age groups, For example; the participants whose ages are 25 years or below are 19.1%. Similarly, the participants whose age group are between 26 to 40 years are 37.2%. Furthermore, the respondents having age groups between 41 to 50 years are 27.4% and from 51 years above participants who contribute in the research study are 16.3%. The data have been collected for the research study from the participants of various professions including; students, school teachers, university lecturers, civil servants, businessmen and investors. Among them, 7.2% students, 12.8% school teachers, 28.1% businessmen, 14.4% civil servant, 25% investors and 12.6% university lecturer participated in the research study. In addition, out of 430 respondents, most of the information has been collected from the businessmen 28.1% (121) and investors 25% (107).

To provide information, respondents of various qualifications contributed in the research study. Hence, out of 430 participants (100%), 8.1% (35) participants are H.S.S.C (High secondary school certificate), 20.9% (90) respondents are Graduate where as 70.9% (305) participants are Post Graduate and above. It shows that most of information has been collected from experienced and qualified people which are 70.9% (305).

Secondary data

Secondary data has been collected for the research work by the researcher by studying various books, academic articles on “Islamic banking system and conventional banking system” and on “the customer satisfaction by using the product and services of these banks”. Furthermore, some other famous books have been used for the methodology of research, for example; the book of Collis and Hussey (2003) on “Business Research”, the book of Flick (2009) on “Qualitative Research” and also the book of Kumar (2008) on “Research Methodology” and so on.

The research findings

In this chapter, the researcher will discuss the data which is collected from the participants regarding the customer satisfaction level in Islamic and conventional banking systems. For the interpretation of

the collected research data, a comprehensible pattern and clear theme is also required. In addition, in the research study the participants may have different responses regarding product and services of Islamic banking system and conventional banking system.

Are you satisfied from the fast and efficient counter services in your bank?

Table 4.1: Fast and Efficient Counter Services * Bank Type Cross tabulation

			Bank Type
			Islamic Bank
Fast and Efficient Counter Services	Yes	Count	53
		% within Bank Type	21.2%
		% of Total	12.3%
	No	Count	197
		% within Bank Type	78.8%
		% of Total	45.8%
Total	Count	250	
	% within Bank Type	100.0%	
	% of Total	58.1%	

The above table 4.1 shows that out of total participants, 46.5% (200) respondents are satisfied from the fast and efficient counter services provided by the banking sector in Pakistan, while the remaining 53.5% (230) respondents are not satisfied from the counter services provided by banks. It shows that in Pakistan, the overall customers are not satisfied from the services of the banking sector because the numbers of satisfied participants (46.5%) are less as compare to that of the unsatisfied participants (53.5%). Similarly, the total respondents of Islamic banks are 58.1% in which 21.2% (53) respondents are satisfied from the various services of Islamic banks while the remaining 78.8% (197) are not satisfied. On the other hand, out of 42% (180) respondents of conventional banks, 81.7% (147) are satisfied from their counter services but only 18.3% (33) are unsatisfied. Hence, it is very clear from the above table 4.1 that the counter services of Conventional banks are far better than that of Islamic banks because the percentage of the satisfied respondent from the counter services of conventional banks are more than that of the Islamic banks that is; 81.7% (147) and 21.2% (53) respectively.

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	153.800 ^a	1	.000
Continuity Correction ^b	151.379	1	.000
Likelihood Ratio	164.207	1	.000
Fisher's Exact Test			
Linear-by-Linear Association	153.442	1	.000
N of Valid Cases	430		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is b. Computed only for a 2x2 table

The Pearson Chi-Square tests shows that the Asymp. Sig. (2-sided) 0.000 value is less than P<0.05 which clarify that there is strong significant difference between the satisfaction level of the respondents of both Islamic and conventional banks.

2: How you will rank the advance technology used by your bank?

Table 4.2: Advance Technology in a Bank * Bank Type Cross tabulation

			Bank Type
			Islamic Bank
Advance Technology in a Bank	Poor	Count	11
		% within Bank Type	4.4%
		% of Total	2.6%
	Average	Count	138
		% within Bank Type	55.2%



		% of Total	Participants, 74.7% (21) of the respondents are very satisfied from the interior comfort (environment) provided by the banks in Pakistan, while 25.3% (10) respondents are not happy from the interior environment of the banks. In the above table 4.3, the total participant for Islamic banking system 58.1% (25) in which 56.2% (163) are fully satisfied from the interior comfort of Islamic banks, while 34.8% (87) of the respondents do not like the interior condition of the Islamic banks. On the other hand, a total of 42% (180) respondents of conventional banks, out of which 87.8% (158) are very happy from the interior comfort provided by the conventional banks but only 58.1% (22) are satisfied from the interior environment of the conventional banks. Hence, it is very clear from the above table that the interior environment of conventional banks are far better than that of the Islamic bank because the response of the responded are in the favour of conventional banks rather than that of Islamic banks, that is, 56.2% (163) and 87.8% (158) respectively.
Good	Count	186	43.0%
	% within Bank Type	32.0%	35.4%
	% of Total	18.6%	16.5%
Excellent	Count	21	4.7%
	% within Bank Type	8.4%	50.6%
	% of Total	4.8%	26.0%
Total	Count	250	100.0%
	% within Bank Type	100.0%	100.0%
	% of Total	58.1%	41.9%

From the above table 4.2, it is very clear that out of 100% (430) participants, majority of the participants respond that the advance technology used in Pakistani banks is very good that is, a sum of 61.1% (263) of the respondents are satisfied from the advance technology used in Pakistani banks. A very few participants that is, 3% (13) saying that technology is not satisfactory (poor) while 35.8% (154) goes for the average. The total participants for Islamic banks are 58.1% (250) out of which 4.4% (11) are not satisfied from their technology used in bank, 55.2% (138) respondents are partially satisfied from the Islamic banking technology. While a sum of 40.4% (101) participants are very happy from the advance technology used in Islamic banks in Pakistan. On the other hand, out of 42% (180) respondents, only 1.1% (2) participants dislike the advance technology of conventional banks, 8.9% (16) are partially satisfied. While a sum of 90% (162) are fully satisfied from the advance technology of conventional banks in Pakistan. Thus, it is also very clear from the above table that a large number of participants are satisfied from the advance technology of conventional banks than that of the Islamic banks in Pakistan that is, 90% (162) and 40.4% (101) respectively.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	139.467 ^a	3	.000
Likelihood Ratio	153.870	3	.000
Fisher's Exact Test	151.945		
Linear-by-Linear Association	131.998 ^b	1	.000
N of Valid Cases	430		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 11.489.
b. The standardized statistic is 11.489.

From the Chi-Square test, it is very clear that Asymp. Sig. (2-sided) value is 0.000 which is less than P<0.05. So, there is a strong significance difference between the respondents of Islamic banks and conventional banks.

3: Are you satisfied from the Interior comfort of the bank Branches?

Table 4.3: Interior Comfort of the Bank Branches * Bank Type Cross tabulation

Interior Comfort of the Bank Branches	Yes	Count	Bank Type	
			Islamic	
			163	
			% within Bank Type	65.2
			% of Total	37.9
	No	Count	87	
			% within Bank Type	34.8%
			% of Total	20.2%
Total		Count	250	
			% within Bank Type	100.0%
			% of Total	58.1%

The above table 4.3 demonstrate the responses of the participants regarding the interior comfort provided by both Islamic banking system and conventional banking system. Out of 100% (430)

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.191 ^a	1	.000
Continuity Correction ^b	27.011	1	.000
Likelihood Ratio	30.098	1	.000
Fisher's Exact Test			
Linear-by-Linear Association	28.126 ^c	1	.000
N of Valid Cases	430		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 1.000.
b. Computed only for a 2x2 table
c. The standardized statistic is -5.303.

The Pearson Chi-Square Asymp. Sig. (2-sided) shows that the value of 0.000 is less than P<0.05, which indicates a significant difference between the respondents of Islamic banks and conventional banks.

4: How will you mark the quality of your bank's management staff services?

Table 4.4: Bank's Management Staff Services Quality * Bank Type Cross tabulation

Bank's Management Staff Services Quality	Poor	Count	Bank Type	
			Islamic	
			11	
			% within Bank Type	4.4%
			% of Total	2.6%
Average		Count	299	
			% within Bank Type	69.3%
			% of Total	69.3%
Good		Count	106	
			% within Bank Type	43.2%
			% of Total	24.7%
Excellent and Professional		Count	113	
			% within Bank Type	45.6%
			% of Total	26.3%
Total		Count	430	
			% within Bank Type	100.0%
			% of Total	100.0%

The above table 4.4 shows the bank's management staff service quality. So, out of the participant 430 (430), a sum of 87.6% (377) are satisfied from the management staff services of banking sector in Pakistan which shows that they are very professional and perform their duty honestly. A very few percent of respondents that is 3.3% (14) are unhappy from the services provided by the staff members and 9.1% (39) respondents are satisfied only up a little extent. The total participant of Islamic banks in the above table 4.4 is 58.1% (250) in which a sum of 83.6% (209) are very satisfied from the management



staff services while 4.4% (11) respondents are not satisfied and 12% (30) are partially satisfied from the staff performance of Islamic banks in Pakistan. On the other hand, the total participants of conventional banks are 42% (180) out of which a total of 93.7% (168) are fully satisfied from the bank's management staff services, only 1.7% (3) are unsatisfied and an average of 5% (9) are satisfied up to some extent. Hence, it is very clear that the management staff services of Islamic banks and conventional banks are very good because all large number of participants have appreciate staff management services that is 83.6% (209) and 93.7% (168) respectively.

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	59.649 ^a	3	.000
Likelihood Ratio	60.520	3	.000
Fisher's Exact Test	59.673		
Linear-by-Linear Association	45.175 ^b	1	.000
N of Valid Cases	430		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.721.
b. The standardized statistic is 6.721.

From the Chi-Square test, it is very clear that Asymp. Sig. (2-sided) value is 0.000 which is less than P<0.05. So, there is a strong significance difference between the respondents of Islamic banks and conventional banks.

5: Are you satisfied from the financial advice department of your bank?

Table 4.5: Financial Advice Department of the Bank * Bank Type Cross tabulation

		Bank Type	Total
		Islamic	Conventional
Financial Advice Department of the Bank	Yes	Count 231	Count 231
		% within Bank Type 92.4%	% within Bank Type 93.5%
		% of Total 53.7%	% of Total 53.7%
No	Count 19	Count 19	Count 19
		% within Bank Type 7.6%	% within Bank Type 6.5%
		% of Total 4.4%	% of Total 4.4%
Total	Count 250	Count 250	Count 250
		% within Bank Type 100.0%	% within Bank Type 100.0%
		% of Total 58.1%	% of Total 58.1%

Table 4.5 indicates the level of satisfaction of the respondent provided by the financial advice department of banks in Pakistan. So, out of 100% (430) participants, 93.5% (402) of the participants are satisfied from financial advice department of the banks, while the remaining 6.5% (28) participants are not pleased from financial advice department of banks. It means that in Pakistan, financial advice department of banks play a key role to attract the customers. Furthermore, out of 5.81% (250) participant of Islamic banks, 92.4% (231) appreciated the help and advice of financial department but only 7.6% (19) are not pleased from their performance. On the other hand, 42% (180) participants of conventional banks are shown in the above table in which 95% (171) participants are happy and getting benefits from the advice of financial department of conventional banks while only 5% (9) are happy from the financial advice department of the bank. Thus, it is very clear from the above table 4.5 that in Pakistan, the financial advice department of both Islamic and conventional banks are very helpful which provide all the important information and advices to their customers.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.162 ^a	1	.281
Continuity Correction ^b	.774	1	.379
Likelihood Ratio	1.194	1	.275
Fisher's Exact Test			

Linear-by-Linear Association	1.159 ^c	1	.282
N of Valid Cases	430		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 1.000.
b. Computed only for a 2x2 table
c. The standardized statistic is -1.077.

From the Chi-Square test, it is very clear that Asymp. Sig. (2-sided) value is 0.281 which is greater than P<0.05. So, there is no significance difference between the respondents of Islamic banks and conventional banks.

6: To what extent Bank convenient branch location can affect the customer bank selection process?

Table 4.6: Bank Convenient Branch Location * Bank Type Cross tabulation

		Bank Type	Total
		Islamic	Conventional
Bank Convenient Branch Location	Low	Count 2	Count 2
		% within Bank Type .8%	% within Bank Type .5%
		% of Total .5%	% of Total .5%
Medium	Count 13	Count 13	Count 13
		% within Bank Type 5.2%	% within Bank Type 3.0%
		% of Total 3.0%	% of Total 3.0%
High	Count 53	Count 53	Count 53
		% within Bank Type 21.2%	% within Bank Type 12.3%
		% of Total 12.3%	% of Total 12.3%
Very High	Count 182	Count 182	Count 182
		% within Bank Type 72.8%	% within Bank Type 42.3%
		% of Total 42.3%	% of Total 42.3%
Total	Count 250	Count 250	Count 250
		% within Bank Type 100.0%	% within Bank Type 100.0%
		% of Total 58.1%	% of Total 58.1%

Table 4.6 demonstrate the views of the participants regarding the convenient branch (bank) location in Pakistan. So, out of the total respondents (100%) (430), sums of 90% (387) participants are fully satisfied from the convenient branches of the banks, only 2.1% (9) respondents are satisfied up to very low level and 7.9% (34) goes for the medium. It is therefore very clear that there are enough banks branches in Pakistan which are providing the product and services to satisfy their customers. In Islamic banks, 100% out of the total respondents 58.1% (250), a total of 94.0% (235) participants really appreciated the convenient branch location, only 0.8% (2) do not satisfied while the remaining 5.2% (13) respondent are partially satisfied from the convenient branch location of Islamic banks in Pakistan. On the other hand, in conventional banks, a total of 84.4% (152) are satisfied from the convenient branch location, 3.9% (7) are less satisfied while 11.7% (21) respondent goes for the medium. In addition, between Islamic and conventional banks, respondents are more satisfied from the Islamic banks location rather than that of conventional banks that is 94.0% (235) and 84.4% (152) respectively.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.746 ^a	3	.003
Likelihood Ratio	13.738	3	.003
Fisher's Exact Test	13.452		
Linear-by-Linear Association	13.289 ^b	1	.000
N of Valid Cases	430		

a. 1 cells (12.5%) have expected count less than 5. The minimum expected count is 1.000.
b. The standardized statistic is -3.645.

The Exact Sig. (2-sided) value 0.03 is shown in Pearson Chi-Square which is less than p<0.05. Hence, it clarify that there is a strong



significant difference between the satisfaction level of both conventional and Islamic banks respondents.

7: Do you select a Bank based upon the size of its assets and capital?

Table 4.7: Assets and Capital of the Bank * Bank Type Cross tabulation

Assets and Capital of the Bank	Yes	Count	Bank Type	
			Islamic Bank	Conventional Bank
			Count	Total
			% within Bank Type	% of Total
	No	Count		
			% within Bank Type	% of Total
Total		Count		
			% within Bank Type	% of Total

The above table 4.7 illustrate that in Pakistan, out of the 100% (430) participants, 87.4% (376) select those banks which are rich in assets and capital rather than those banks which do not have enough assets and capitals. On the other side, there are 12.6% (54) respondents who are not interesting in the assets and capital of the banks but they only want to keep their money safe and secure. In Islamic banks, out of 58.1% (250) respondents, 83.6% (209) select bank on the basis of their assets and capital while 16.4% (41) do not care about the assets and capital of banks. On the other hand, in conventional banks out of the 100% respondents, 92.8% (167) choose banks on the basis of their assets and capital whereas 7.2% (13) do not select banks for their assets and capital. Hence, it is very clear that majority of participants of conventional banks choose banks on the basis of assets and capital than that of the Islamic banks such as 92.8% (167) and 83.6% (209) respectively.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.027 ^a	1	.005
Continuity Correction ^b	7.213	1	.007
Likelihood Ratio	8.506	1	.004
Fisher's Exact Test			
Linear-by-Linear Association	8.009 ^c	1	.005
N of Valid Cases	430		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 22.
 b. Computed only for a 2x2 table
 c. The standardized statistic is -2.830.

The Pearson Chi-Square tests shows that the Asymp. Sig. (2-sided) 0.005 value is less than P<0.05 which clarify that there is strong significant difference between the satisfaction level of the respondents of both Islamic and conventional banks

8: How will you rank the service charges in Islamic bank as compared to the Conventional bank?

Table 4.8: Service Charges in Islamic Bank vs Conventional Bank * Bank T

Service Charges in Islamic Bank vs. Conventional Bank	Low	Count	Bank Type	
			Islamic Bank	Conventional Bank
			Count	Total
			% within Bank Type	% of Total
	Medium	Count		
			% within Bank Type	% of Total
	High	Count		
			% within Bank Type	% of Total



	Very High	Count	Bank Type	
			Islamic Bank	Conventional Bank
			Count	Total
			% within Bank Type	% of Total
Total		Count		
			% within Bank Type	% of Total

In the above table 4.8, out of the total respondents 100% (430), a total of 55.1% (237) are highly satisfied from the service charges of the banking sector, 37% (159) are happy up to little extent whereas the remaining 7.9% (34) are partially satisfied. Though, the response of 5.1% (237) shows that more than 87.4% of the participants are pleased from the service charges in Pakistan. In Islamic banks out of the 100% participants, 7.2% (13) a sum of 94.8% (37) responds that the service charges of Islamic banks are very low, only a few respondents of 5.2% (13) go for the medium. On the other hand, in conventional banks out of the total respondents, 100% (139) are fully satisfied from the service charges whereas 10.7% (21) partially satisfied from the service charges. Hence, the table 4.8 shows that in Pakistan, the services charges of conventional banks are very less as compare to the Islamic banks.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	397.008 ^a	3	.000
Likelihood Ratio	539.426	3	.000
Fisher's Exact Test	524.181		
Linear-by-Linear Association	369.750 ^b	1	.000
N of Valid Cases	430		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is
 b. The standardized statistic is -19.229.

The Asymp. Sig. (2-sided) 0.000 value is shown in the Pearson Chi-Square tests which is less than P<0.05 which clarify that there is strong significant difference between the satisfaction level of the respondents of both Islamic and conventional banks

9: What is the reason of giving preference to the concern Bank in all over the Country?

Table 4.9: Reasons to Prefer the Concern Bank * Bank Type Cross tabulation

Reasons to Prefer the Concern Bank	Efficiency	Count	Bank Type	
			Islamic Bank	Conventional Bank
			Count	Total
			% within Bank Type	% of Total
	Secure Banking	Count		
			% within Bank Type	% of Total
	Profitability	Count		
			% within Bank Type	% of Total
	Religious Norms	Count		
			% within Bank Type	% of Total
Total		Count		
			% within Bank Type	% of Total

The table 4.9 shows the reasons of 370 participants for selecting Islamic or conventional banks in Pakistan. So, out of 100% (430) participants, 12.1% (52) participants choose banks on the basis of efficiency, 13.5% (58) select banks on the basis of security, 21.2% (91) on profitability and 53.3% (229) go to religious norms. Out of the 100% participants, of Islamic banks, 91.6% choose banks on the basis of religious norms, 5.6% (14) select banks due to security while 46.7%

2.8% (7) choose on the basis of efficiency. On the other hand, out of the 100% respondents in conventional banks, 50.6% (91) select banks because of the profitability, 24.4% (44) choose banks due to security and 25% (45) select banks because of the efficiency. Thus, it is very obvious from the above table that in Islamic banking system, majority of the participants select banks due to the religious norms while in conventional banks half of the participants choose banks because of the profitability.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	361.470 ^a	3	.000
Likelihood Ratio	479.464	3	.000
Fisher's Exact Test	467.685		.000
Linear-by-Linear Association	222.149 ^b	1	.000
N of Valid Cases	430		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is .000.
 b. The standardized statistic is -14.905.

The Pearson Chi-Square tests shows that the Asymp. Sig. (2-sided) 0.000 value is less than $P < 0.05$ which clarify that there is strong significant difference between the satisfaction level of the respondents of both Islamic and conventional banks.

10: Trained Staff can play a vital role in the success of Islamic Banking System, how do you rank this statement?

Table 4.10: Role of Trained Staff in Islamic Banks * Bank Type Cross tabulation

Role of Trained Staff in Islamic Banks	Medium	Count	% within Bank Type	% of Total
	High	Count	% within Bank Type	% of Total
	Very High	Count	% within Bank Type	% of Total
Total		Count	% within Bank Type	% of Total

In the above table 4.10, out of the total respondents 100% (430), 88.3% (380) participants respond that trained staff plays a great role in the success of Islamic banks and 11.6% (50) respond that trained staff are partially necessary for the development and success of Islamic banks in Pakistan. In addition, out of the 100% respondents of Islamic banks, a sum of 93.2% (233) participants responds that training staff are very important for Islamic bank whereas 6.8% (17) consider trained staff not very much important. On the other side, out of the total respondent 100% in conventional banks, a total of 81.7% (147) suggest trained for Islamic banks while 18.3% (33) do not considered trained staff very much important. Hence, it is very clear from the above table 4.10 that a very high percent of the respondents from both Islamic and conventional banks are in the favour of training staff for the success of Islamic banks that is 93.2% (233) and 81.7% (147) respectively.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.214 ^a	2	.009
Likelihood Ratio	14.090	2	.009
Fisher's Exact Test	13.940		.009
Linear-by-Linear Association	6.858 ^b	1	.009
N of Valid Cases	430		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 20.93.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.214 ^a	2	.001
Likelihood Ratio	14.090	2	.001
Fisher's Exact Test	13.940		.009
Linear-by-Linear Association	6.858 ^b	1	.009
N of Valid Cases	430		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is .000.
 b. The standardized statistic is -2.619.

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	361.470 ^a	3	.000	.000	.000	.000
Likelihood Ratio	479.464	3	.000	.000	.000	.000
Fisher's Exact Test	467.685		.000	.000	.000	.000
Linear-by-Linear Association	222.149 ^b	1	.000	.000	.000	.000
N of Valid Cases	430					

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is .000.
 b. The standardized statistic is -14.905.

Table 4.11: Importance Forums/Conferences about Islamic Banks * Bank Type Cross tabulation

Importance Forums/Conferences about Islamic Banks	Low	Count	% within Bank Type	% of Total
	Medium	Count	% within Bank Type	% of Total
	High	Count	% within Bank Type	% of Total
	Very High	Count	% within Bank Type	% of Total
Total		Count	% within Bank Type	% of Total

In the above table 4.11, out of 100% (430) participants, 89.6% (385) respondents consider forums and conferences very necessary in order to create awareness about Islamic banking system in the country. Furthermore, only 0.5% (2) participants give very little importance to forums and conferences about Islamic banks, whereas 10% (43) consider forums and conferences up to medium extent. Out of 100% respondents in Islamic banks, a sum of 98.8% (247) considers forums and conferences very important for Islamic banks, while only 1.2% (3) goes for medium. On the other hand, out of the 100% respondents of conventional banks, a total of 76.7% participants suggest forums and conference about the awareness of Islamic banking system, only 1.1% (2) give very low importance to forums and conferences, whereas 22.2% (40) give them a partial importance. Thus, it can be concluded that majority of the respondent from both Islamic and conventional banks suggest forums and conferences very importance for the awareness about Islamic banks.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)
Pearson Chi-Square	108.585 ^a	3	.000	.000
Likelihood Ratio	117.513	3	.000	.000
Fisher's Exact Test	114.751		.000	.000
Linear-by-Linear Association	107.464 ^b	1	.000	.000
N of Valid Cases	430			

a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is .84.
 b. The standardized statistic is -10.367.

The Exact Sig. (2-sided) value .000 is shown in the Pearson Chi-Square test which is less than $p < 0.5$. Hence, it clarify that there is a strong significant difference between the satisfaction level of the respondents of both Islamic and conventional banks.



significant difference between the satisfaction level of both conventional and Islamic banks respondents.

12: How to make Islamic banking more attractive for customer satisfaction?

Table 4.12: How to make Islamic Banking more Attractive * Bank Type Cross

			Islamic Bank		Conventional Bank	
			Count	% within Bank Type	Count	% within Bank Type
How to make Islamic Banking more Attractive	More Competitive and Compliance products	Count	46	18.4%	93	21.6%
		% within Bank Type	18.4%	46	21.6%	93
		% of Total	10.7%	10.7%	21.6%	21.6%
	Effective Promotion	Count	41	16.4%	80	18.6%
		% within Bank Type	16.4%	41	18.6%	80
	% of Total	9.5%	9.5%	18.6%	18.6%	
	Easy Accessibility	Count	109	43.6%	176	40.9%
		% within Bank Type	43.6%	109	40.9%	176
		% of Total	25.3%	25.3%	40.9%	40.9%
	Trained Staff	Count	54	21.6%	81	18.8%
		% within Bank Type	21.6%	54	18.8%	81
		% of Total	12.6%	12.6%	18.8%	18.8%
Total		Count	250	100%	250	100%
		% within Bank Type	100%	250	100%	250
		% of Total	100%	250	100%	250

In the above table 4.12, out of the total respondents 100% (430), 21.6% (93) participants suggest that more competitive and compliance products are necessary for Islamic banks in order to attract customers, 18.6% consider the effective promotion as an important element for the attraction of customers, 40.9% (176) focus on easy accessibility to bank's branches and 18.8% (81) consider the trained staff as an important element to attract customers towards the Islamic banks. Out of the total customer (100% in Islamic banks, 18.4% (46) suggest the competitive and compliance products, 16.4% (41) suggest effective promotions, 43.6% (109) focus on easy accessibility and 21.6% (54) consider train staff is necessary to attract the customers. On the other hand, in conventional banks, 26.1% (47) suggest competitive and compliance products, 21.7% (39) focus on effective promotion, 37.2% (67) suggest easy accessibility and the remaining 15% (27) goes for the trained staff. Hence, it is very obvious in both Islamic and conventional banks all the participant consider different elements to make Islamic banks more attractive for the customers.

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.897 ^a	3	.048
Likelihood Ratio	7.909	3	.048
Fisher's Exact Test	7.860		
Linear-by-Linear Association	7.374 ^b	1	.007
N of Valid Cases	430		

0 cells (.0%) have expected count less than 5. The minimum expected count is .2. The standardized statistic is -2.715.

In the above Chi-Square test, it is very clear that Asymp. Sig. (2-sided) value shows a significant difference between the respondents of Islamic banks and conventional banks.

13: Does the customer prefer Islamic Banking system because of interest free element?

Table 4.13: Customer Preference towards Interest Free Islamic Banking * Bank Type Cross tabulation

			Islamic Bank		Conventional Bank	
			Count	% within Bank Type	Count	% within Bank Type
Customer Preference towards Interest Free Islamic Banking	Yes	Count	236	94.4%	393	97.2%
		% within Bank Type	94.4%	236	97.2%	393
	No	Count	14	5.6%	11	2.8%
		% within Bank Type	5.6%	14	2.8%	11
		% of Total	3.3%	3.3%	2.8%	2.8%
Total		Count	250	100%	250	100%
		% within Bank Type	100%	250	100%	250
		% of Total	100%	250	100%	250



remaining 2.8% (7) respondents have moderate relationship. In conventional banks, out of the total customers 100% (180), 69% (124) respondents have good relationship with their banks, 30% (54) have moderate relationship, whereas, the remaining 1.1% (2) have poor relationship with their banks. Thus, from the above table 4.16, it is very clear that in Pakistan, majority of the Islamic banks respondents have good relationship with their banks rather than that of the conventional banks.

Chi-Square Tests

	Value	Df	Asymp. Sig. (sided)
Pearson Chi-Square	194.459 ^a	3	.000
Likelihood Ratio	255.200	3	.000
Fisher's Exact Test	247.755		
Linear-by-Linear Association	183.982 ^b	1	.000
N of Valid Cases	430		

a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is .84.
 b. The standardized statistic is 13.564.

The Exact Sig. (2-sided) value 0.000 is shown in Pearson Chi-Square which is less than $p < 0.05$. Hence, it clarify that there is a strong significant difference between the satisfaction level of both conventional and Islamic banks respondents.

15: How you will rank the bank speed and efficiency of transactions services?

Table 4.15: Bank Speed and Efficiency of Transactions Services * Bank Type Cross tabulation

Bank Speed and Efficiency of Transactions Services	Good	Count	
		% within Bank Type	% of Total
Average	Average	Count	69
		% within Bank Type	16.0%
		% of Total	16.0%
Excellent	Excellent	Count	94
		% within Bank Type	21.9%
		% of Total	21.9%
Total	Total	Count	163
		% within Bank Type	37.9%
		% of Total	37.9%

In the above table 4.15, out of the total respondent 100% (430), a sum of 83.8% (360) participants like the banking speed and efficiency of transactions services in Pakistan while 16.3% (70) respondents consider the speed and efficiency of transactions services of banks to a moderate extent. Similarly, out of the total customers of Islamic banks (100%), a total of 76% (190) respondents appreciated the bank speed and efficiency of transactions services, whereas the remaining 24% (60) are like them in moderate level. On the other hand, in conventional banks, out of the total participants (100%), a sum of 94.4% (170) participants rank the bank speed and efficiency of transactions services to high extant, whereas, 5.6% (10) like the transactions services and banks speed up to a moderate or average level. Thus, it is very clear that between Islamic and conventional banks, the participants of the conventional banks are more satisfied from the bank speed and efficiency of transactions services than that of the Islamic banks participant that is 94.4% (170) and 76% (190) respectively.

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)
Pearson Chi-Square	46.209 ^a	2	.000	
Likelihood Ratio	49.201	2	.000	
Fisher's Exact Test	48.447			
Linear-by-Linear Association	23.929 ^b	1	.000	
N of Valid Cases	430			

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 29.0.
 b. The standardized statistic is 4.892.

The Asymp. Sig. (2-sided) value 0.000 is shown in Pearson Chi-Square which is less than $p < 0.05$. Hence, it clarify that there is a strong significant difference between the satisfaction level of both conventional and Islamic banks respondents.

Findings, conclusion and recommendations

Explanation of the main findings

In this research study of customer satisfaction level in Islamic and conventional banking system, the responses from the participants of conventional banks are limited as compared to the Islamic banks. It is because in Pakistan, majority of population 96% is Muslim. Furthermore, the Muslim customers are attracted toward the Islamic banks due to religious norms, while, conventional banking system is totally based on interest which is prohibited (Haram) in Islamic Shariah. Therefore, Awan and Bukhari (2011) argued that for banking services, Muslim customers mostly focus on the religious belief. Similarly, a survey conducted by Omer (1992) shows that in the United Kingdom, 40.9% conventional banks which offer the services of Islamic banks have majority Muslim customers rather than those which do not offer any Islamic services. It is very cleared from the research findings that the counter services provided by conventional banks are better than those which are provided by the Islamic banks. It shows that the conventional banking system is more developed and professional than the Islamic banks in order to provide counter services. The Awan and Bukhari (2011) examined that the most important factor for customers to choose a bank is their quality of services. Similarly, the responses of the participants show that the conventional banks are providing relatively more advance technology than the Islamic banks to satisfy their customers. Hence, in Pakistan the overall counter services provided by the banks are not efficient because more than half of the respondents are not satisfied from the fast and efficient counter services provided by banks. On the other hand, the advance technology which is used by the banks is very good. The internal environment of the bank plays a very important role to attract and retain the customers. The research analysis data shows that, the customers of the conventional banks are more satisfied from the interior comfort of the banks. While, in Islamic banking customers are comparatively less satisfied than the customers of conventional banks. However, it has also been observed from the research data analysis that in Pakistan, the overall banking environment is very satisfactory for all kinds of customers. As for as the bank's management staff services are concerned, in Pakistan, both the Islamic banks and conventional banks staff are highly professional and efficient but comparatively the conventional bank's management staff are slightly more efficient and professional than the Islamic banks staff. Though, the research study clearly indicates that all the consumers are very pleased from the management staff services of the banks. Therefore, Beatty et al., (1996) noticed that management should make a stable relationship with the customers rather than having occasional exchanges. Similarly, the financial advice department of both Islamic and conventional banks are very helpful which provide all the important



information and advices to their customers. Furthermore, approximately equal response has been obtained from the research study regarding help and sincerity of the financial advice department of both Islamic and conventional banks.

From the result analysis, it is very clear that bank's convenient branch location play a vital role to attract the customers. So, in Pakistan, the customers of Islamic banks are very happy from the convenient branch location than the conventional banks. It is because in Pakistan, the Islamic banking system is spreading very fast as compare to conventional banking system. Hence, according to Awan and Bukhari (2011) the most important factor for customers to choose a bank is convenient location to the business place or to the home.

Moreover, based on assets and capital, the customers of conventional banks are more attracted by the assets and capital of the banks rather than the customers of Islamic banks. However, it is very obvious from the research finding that majority of the customer of both conventional and Islamic banks have chosen their banks due to their assets and capitals.

From the research study, it has been observed that the service charges of Islamic banks are very high as compared to the conventional banks. So, majority of customers are not pleased from the higher service charges of Islamic banks. Similarly, Khattak and Rehman (2010) stated that the services offered by conventional banks are low cost as compare to that of the Islamic banks. However, it has been found that, more than half fifty percent of the customers still appreciated the banking services charges in Pakistan.

Various opinion have been obtained from the result analysis regarding the customer's bank selection process in Pakistan. The higher percentage of the respondents selects banks due to religious norms. While the remaining percentage of respondents signify that customers choose banks due to several important factors such as profitability, security and efficiency purposes. Thus the authors like Zaher and Hassan (2001) are of the opinion that religious belief is not an important factor for Muslim customers to choose a bank. The research study also indicates that in Pakistan, the customers of Islamic banks have very good relationship with their banks as compared to conventional banks. Due to the reason; Islamic banks customers are increasing day by day which ultimately increases the market shares of Islamic banks in Pakistan.

In the research finding, large number of responses shows that for the rapid progress and development of Islamic banks, trained staff is required. While only a very small number of responses show some other factors. Similarly, the forums and conferences are also very necessary for creating awareness about the Islamic banks. Thus, the overall findings about the success of Islamic banking illustrate that for the rapid progress and development, trained staff and regular forums and conferences are required.

Finally, it has been observed from the research study that, bank speed and efficiency of transactions services of conventional banks are very good than that of Islamic banks. The customers of Islamic banks are less satisfied from the Islamic banks speed and efficiency of transactions services. Hence, the overall banks speed and efficiency of transactions services are appreciated by the customers in Pakistan. According to Lovelock, (2000) in banking sector, to satisfy the customers, quality services are considered as the best indicators.

Conclusion:

From the research study, it can be concluded that customer satisfaction is an important research topic in all e-commerce and marketing studies. Customer satisfaction is simply the customer's feeling or behaviour for the product or service which has been offered by various marketing and financial institutions. Furthermore, Customer satisfaction plays a tremendous role to investigate the intention of the customers to buy a specific product or service. As for as the modern banking system is concerned, the importance of customer satisfaction cannot be ignored because, both Islamic banking system and conventional banking system are trying to facilitate their customers by providing various products and services.

In Pakistan, the customer satisfaction in all financial institutions is not as good according to the standard. The banking sector is trying to improve all of their products and services and want to make them according to the international standard. But due to various factors, the banking sector is still far behind in Pakistan. The main reasons are the political instability, religious norms etcetera. Furthermore, the research study shows that a large number of customers are satisfied from the performance of conventional banking system against the Islamic banking system. However, in Pakistan, the customers are very satisfied from the conventional banking system due to various factors such as bank's fast and efficient counter services, advance technology, Bank's management staff services quality, financial advice department of the bank, convenient bank's branch location, assets and capital of the bank, low service charges, profitability in the form of interest, secure and efficient banking, the bank speed efficiency of transactional services and so on. Whereas, interior comfort of the bank's branches, religious norms, are the factors due to which customers are less satisfied as compare to Islamic banks. On the other hand, in Islamic banking system the factors from which the customers are satisfied are; religious norms, the interior comfort of the bank branches, financial advice department of the bank, interest free banking system and the regular advertisement and promotional campaign etcetera. Therefore, it is very clear from the research evidence that the overall performance of conventional banks is relatively very good as compared to Islamic banking system in Pakistan.

Limitations (or) drawbacks of the research study

In Pakistan, this research has covered only 2 important provinces which show that the research has been carried out on a very small level and has shown little generalizability.

Recommendations

To satisfy the customers, banking sector should improve various factors and must provide the products and services according to the demand of their customers. Given below are some recommendations that should be adopted by the banking sectors in order satisfy their customers.

- (1): The first most important factor is internal banking environment. Customers will be more satisfied if the banks provide them friendly and secure environment.
- (2): Efficient and accurate counter services are the demand of the consumers. So, by providing the efficient and accurate counter services, customers will be retained and satisfied. Furthermore, the quality services which are delivered to the customers must be according to promise.
- (3): Trained staff members play a vital role to attract the customers. So, the banking sector should hired trained staff because for professional serving of customers, trained staff is required. Moreover, due to trained staff, the level of confidence of the customers will be increased and will be able to do business in future with the concerned bank.
- (4): To build a good relationship with the customers, the bank's branch location should be good and convenient to the customers. Furthermore, the channels which are for the communication purposes must be improved so that to get quick responsiveness and to increase the interaction with customers.
- (5): In order to gain competitive advantages, banks should use advance technology and must focus on the online banking practices which are also useful to create positive relationship between staff members and the customers.
- (6): To build the trust and to satisfy the customers, the data base system of the banks should be improved and secured. Furthermore, if the customer is not pleased from the bank's product and services than they must get some feedback from the unsatisfied customers in order to improve them in the near future.
- (7): To deliver the better product and services, the banks should also judge policies of their competitors and must adopted if that is suitable for the banks and customers.



(8): Finally, the shortage of electricity is a big problem in Pakistan. The online banking, totally depend on the electric power. To facilitate the customers, the banking sector should introduce an alternate backup system which can be used in the absence of electricity such as the generators.

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