
ASSESSING SERVICE QUALITY DIMENSIONS ON CUSTOMERS PATRONAGE OF ISLAMIC BANKING IN SOUTH WESTERN NIGERIA.

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ABSTRACT

This study assessed the effect of service quality dimensions on customer patronage of Islamic Banking in South Western Nigeria. It investigates the relationship between service quality dimensions of compliance with Islamic principles, assurance, reliability, tangibles, empathy, responsiveness and customers' patronage. The survey research design was adopted and questionnaire used as an instrument of data collection. Convenience sampling method was used to select 120 customers of JAIZ bank. The data collected were analysed using descriptive statistics methods of frequency and simple percentages while Partial Least Square Structural Equation Modelling (PLS-SEM) with the aid of Smart PLS version 3. were used to test the hypotheses formulated whether significant relationship exist between service quality dimensions and customers' patronage. Result of the findings revealed that there were positive relationships between the six service quality dimensions measured with compliance with Islamic principles, assurance, reliability, tangibles, empathy and responsiveness, with co-efficients of 0.473, 0.541, 0.335, 0.465, 0.697 and 0.878 respectively at 1% level of significance. Out of the six independent variables used for measuring service quality dimensions, only two namely, responsiveness (0.878) and empathy(0.697) have strong significant relationships, assurance (0.541) shows moderate significant relationship, whereas compliance with Islamic principles,(0.473) tangibles (0.465) and reliability (0.335) reveals weaker significant relationships with customers' patronage. The study concluded that overall, service quality has a significant relationship on customer patronage and therefore, recommended that the management of the bank should pay urgent attention and develop strategies to explore CARTER service quality dimensions such as compliance with Islamic principles, tangibles and reliability, and focus essentially on responsiveness, empathy and assurance constructs in order to attract more potential customers, retain old ones in order avoid high level of customer dissatisfaction.

The bank managers are also recommended to increase patronage of their customers by opening more branches especially in commercial cities, deplore more ATM and P.O.S machines in strategic locations such as markets, higher institutions, and religious centers, improve their network interconnectivity, engages in aggressive advertisement and marketing in print and media houses, co-operative societies, labour and trade unions.

KEYWORDS: Islamic principles, Patronage, Customer, Assurance, Reliability, Tangibles, Empathy, Satisfaction

1. INTRODUCTION

Islamic principles, Patronage, Customer, Assurance, Reliability, Tangibles, Empathy, Satisfaction
In today's competitive world, companies put the customers at the center of their attention, and their loyalty is the key to earn competitive advantage for organizations. Furthermore, almost all companies competing in a service industry offer similar products and the best way to convince customers to use their bank services is having top quality in services. (Maysam, Reza and Hadi, 2013)

Therefore, delivering quality service to customers is a necessity for success and survival in today's competitive banking environment, Samli and Frohlich (1992) as cited by Abdullah, Suhaimi, Saban, and Hamali, (2011).

According to Lewis (1993) as cited by Abdullah et al. (2011) asserted that service quality was one of the most effective means of establishing a competitive position and improving profits.

Sokefun, (2011) opined that service firms such as banks, may be able to effectively attract and retain customers by satisfying their needs and wants in order to create a competitive edge in an ever increasing competitive market place (Sokefun, 2011).

Moreover, Hall (1995) as cited by Abdullah et al. (2011) noted that banks must measure and determine their level of service quality, if they want to retain their customers and satisfy their needs and hence maintain a competitive position.

In addition, Davoudian, (2010) discovered that superior service quality enables companies to distinguish themselves from competitors, attain sustainable competitive advantage, and improve their functionality. Wong and Sohal (2003) stated that one of the effective strategy to keep the customer loyal with the service organization including Islamic banking is by providing high quality services to the customer.

According to (Bhatti, Zafarullah, Awan and Bukhari, 2011). The Islamic banking industry is considered as one of the fastest growing sectors in the world of finance that received recognition by both Muslims and non- Muslims alike. Moreso, Islamic banking is not merely of interest to Muslim customers, but non-Muslim customers see benefits from such a system (Amin and Isa, 2008). Many Islamic financial institutions in different countries do not have Muslims majorities and conventional banks are providing banking facilities to attract Muslim customers. Citibank, HSBC, OCBC and Standard Chartered are examples (Taap, Chong, Kumar and Fong, 2011).

Similarly, in 2011, the existence of Islamic banking system in Nigeria through the establishment of JAIZ Bank PLC has become a growing concept due to increased economic empowerment of Muslim and non- Muslims customers, provision of equity financing that is devoid of interest, funding critical sectors of the economy, promotion of wealth creation instead of wealth transfer and encouraging small and medium scale enterprises to grow and expand. Moreover, according to Islamic law, the mode of finance should emphasize profit and loss sharing and prohibition of fixed-returns.

An Islamic bank is much like a conventional bank in that it is a full-service financial intermediation. Invariably, most of an Islamic bank's transactions include such financial products as mudaraba, musharaka, which are equity-like contracts, and the debt-like contracts of murabaha, ijara and istisna. Islamic banks are also engaged in trade finance investment, leasing projects, private banking, investment in real estate and financial engineering. (Ciptono and Soviyanti, 2007).

Asma (2012) pointed out that Islamic banking system has a tough competition with conventional banking industry because conventional banking system has strong roots and popular among people. Therefore, to earn strong patronage in the market, Islamic banks need to improve it service quality issues to satisfy its customer, retain them and to attract more customers.

The emergence Islamic banking system in Nigeria with huge potential and existing customers prompts an excellent scope for research to examine the effect of service quality dimensions on customers' patronage of Islamic Banking in South Western, Nigeria.

1.1 STATEMENT OF PROBLEM

Mu'azu, Nik, Abubakar, Abdalla, Abdulkadir and Faruq, (2013).discovered that because of new existence of Islamic banking in Nigeria, there was very limited information on the customers' perceptions about customer loyalty, patronage ,customer satisfaction and service quality about the Islamic bank services in Nigeria. Furthermore, another major problem facing Islamic banks is low patronage which was identified by Asif and Asma (2014) that poses a challenge for Islamic banks to gain new customers and to retain the old ones.

1.2 OBJECTIVES OF THE STUDY

The broad objective of this study is to assess the effects of service quality dimensions on customers' patronage of Islamic Banking in South Western Nigeria.

The specific objectives are to:

- i. Investigate the relationship between service quality dimensions and customers' patronage using CARTER model.
- ii. To identify factors responsible for low patronage of Islamic Banking in South Western

Nigeria.

- iii. To identify various medium that Islamic Bank can employ to reach their customers.

1.3 SIGNIFICANCE OF THE STUDY

Service quality is regarded as one of the vital tool for banks to achieve success in the market place with commonly undifferentiated services. It becomes imperative for banks to strive for improved service quality, if they want to distinguish themselves from other competitors (Shafie, 2004). According to Kheng, Mahamad, and Ramayah. (2010) delivering quality service to clients is a necessity for success and survival in today's competitive world. Banks do business with customer's money. So, the more satisfied customers are involved in a bank's patronage, the higher the customer base and profitability. If a bank cannot provide adequate customer service, then the bank would be losing its customers. Furthermore, this study will also serve as a reference document for further studies in assessing service quality of Islamic banks through the use of CARTER model due to limited studies in this area.

1.4 SCOPE OF THE STUDY

This study focuses on assessing the effect of service quality dimensions on customers' patronage of Islamic Banking in South Western Nigeria. However, this study will be limited to customers that patronise JAIZ Bank PLC branches at Ikeja, ikoyi, Marina and Ibadan based on the fact that it is the only Islamic bank that offer full Islamic banking services in South Western Nigeria.

2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Gronroos, (2000) defined service as a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems. Similarly, according to Schneider, and White (2004) quality can be defined as satisfying or exceeding customer requirements and expectations, and consequently to some extent, it is the customer who eventually judges the quality of a product. In other words, Zeithaman and Bitner, (2003) define service quality as a measure of how well a delivered service matches the customers' expectations. Moreover, Fogli (2006) define service quality as a global judgment or attitude relating to a particular service; the customer's overall impression of the relative inferiority or superiority of the organization and its services.

Furthermore, Akroush (2008) pointed out that service quality is the result of the comparison made by customers about what they feel service firms should offer, and perceptions of the performance of firms providing the services.

In the same vein, Schneider, and White (2004), defined service quality as customers' assessment on

the overall excellence or superiority of the services provided.

Kotler, (2003) indicated that customer service perception generally describes customers' feeling on the comparison of the perceived performance and their expectation on services. It is expected that organisations should be able to perform equal to or even higher than their customers' expectations. (Parasuraman et al, 1988) discovered that perhaps why many firms and organizations pay attention to service quality as an important component for their competitive advantage was because they believe that it is a mandatory factor for retaining and improving their level of competitiveness. Lovelock and Wirtz (2007) mentioned that David Garvin identifies the following five perspectives on quality:

Firstly, the transaction view of quality is synonymous with innate excellence i.e. a mark of uncompromising standards and high achievement. This viewpoint is often applied to the performing and performing of visual arts. It is argued that people learn to recognize quality only through the experience gained from repeated exposure and managers or customers will also know quality when they see it is not very helpful.

Secondly, the product- based approach sees quality as a precise and measurable variable. Differences in quality, it is argued, reflect differences in the amount of an ingredient or attribute possessed by the product or service. Because this view is totally objective, it fails to account for differences in the tests, needs, and preferences of individual customers or even entire market segments.

Thirdly, user based definitions which starts with the premise that quality lies in the eyes of the beholder. These definitions equate quality with maximum satisfaction. This subjective, demand oriented perspective recognizes that different customers have different wants and needs.

Fourthly, the manufacturing based approach which is concerned primarily with engineering and manufacturing practices.

Lastly, Value based definitions which define quality in terms of value and price by considering the tradeoff between perception and price; thereby regarding quality as "affordable".

Therefore as opined by Kunst and Lemmink,(2000) that most banks have realized the significance of concentrating on quality of services as an approach to increase customer satisfaction and loyalty, and to develop their core competence and business performance .

2.1 RESEARCH HYPOTHESES

Therefore, the following hypotheses were formulated:

H01: There is no significant relationship between compliance and customers' patronage of Islamic Banking in South Western Nigeria.

H02: There is no significant relationship between assurance and customers' patronage of Islamic Banking in South Western Nigeria.

H03: There is no significant relationship between responsiveness and customers' patronage of Islamic Banking in South Western Nigeria.

H04: There is no significant relationship between tangible and customers' patronage of Islamic Banking in South Western Nigeria.

H05: There is no significant relationship between empathy and customers' patronage of Islamic Banking in South Western Nigeria.

H06: There is no significant relationship between reliability and customers' patronage of Islamic Banking in South Western Nigeria.

2.2 RELATIONSHIP BETWEEN SERVICE QUALITY AND CUSTOMER PATRONAGE

According to Cronin et al. (2000) and Kang and James (2004) discovered that good service quality leads to the retention of existing customers and the attraction of new ones, reduced costs, an enhanced corporate image, positive word-of-mouth recommendation and, ultimately, enhanced profitability.

In the study carried out by Jones and Farquhar, (2003) asserted that service quality have considerable impact in determining repeat purchase and customer loyalty.

Subsequently in the research work of Zeithaml et al. (1996) concluded that when organizations enhance the quality of their services, customers' favorable behavioral intentions are increased while unfavorable intentions are decreased simultaneously.

In the same vein, Bolton (1998), pointed out that service quality influences a customer's subsequent behavior, intentions and preferences. When a customer chooses a provider that delivers service quality that meets or exceeds his or her expectations, he or she is more than likely choose the same provider again. Boulding, W., Kalra, A., Staelin, R. and Zeithaml, V. A. (1993), in their study discovered that positive relationships exist between service quality and repurchase intentions. Moreover, Cronin and Taylor (1994) also corroborated the view that service quality had positive effect on repurchase intentions. Likewise, Dabiri , Ojenike , and Akintan (2017) discovered in their study that a strong relationship exist between service quality and customer patronage.

2.3 UNDERPINNING THEORY

i. GAP THEORY

Gap theory, also known as the Service Quality Gap model was developed by Parasuraman, Zeithaml, and Berry in 1985. This model identifies the different sources of gaps or differences between the service quality that a customer expects to receive from a service provider and the customer perception of the service actually received.

The model identifies five different types of gaps. The first four gaps are called company gaps, and the fifth gap is called customer gap which means the gap as perceived by customer.

The description of these five quality gaps is given below:

Gap 1: The difference between the service actually desired by the customer and company's perception of what the customer desires.

Gap 2: The difference between company's understanding of the service desired by customer and the service as designed to be delivered by the company, and the performance standards set for the same.

Gap 3: The difference between the service design and actual service delivered.

Gap 4: The difference between actual service delivered and the service as perceived by customer.

Gap 5: The difference between service as perceived by the customer and service expected by company.

ii. THEORY OF BEHAVIORAL INTENTIONS

According to Zeithaml, Berry, and Parasuraman.(1996), the behavioural consequences of service quality mediate between service quality and the financial gains or losses from the retention or defection of customers. When customers' perceptions of service quality are high, the behavioral intentions are favourable, which strengthens their relationship with the organization. In other word, when service quality assessments are low, customers' behavioural intentions are unfavorable and the corresponding relationship with the company deteriorates.

Zeithaml et al. (1996) also suggested that behavioral intentions were indicators, which showed whether customers had remained with or had defected from the organization. The conceptualization of behavioral intention is an important part of model for measuring service quality. Zeithaml et al. (1996) suggested that favourable behavioural intentions included elements such as saying positive things and recommending the services to others, paying the price premium to the company and expressing cognitive loyalty to the organization.

2.4 MODELS FOR MEASURING SERVICE QUALITY

I. SERVQUAL

The SERVQUAL model developed was by Parasuraman Berry and Zeithaml (1985; 1988). It is also

known as Gap Model.

The model was originally developed for application within the financial service sector but it has been developed to measure those components of service that generate satisfaction in other sector such as the telecommunications, healthcare and hospitality (Yang, 2003). Servqual therefore assumes that service quality is critically determined by the disparity between the expectations and perceptions of the customer, and service quality actually delivered (Yang, 2003).

The model is based on five service quality dimensions, namely: Tangibles, Reliability, Responsiveness, Assurance and Empathy.

i. TANGIBILITY

Tangibility relates to the physical aspects or evidence of a service. Physical aspects of retailer include appearance of equipment and fixtures, physical facilities, materials associated with the service, appearance of personnel and communication materials, Convenience of physical facilities and layouts.

In addition to the appearance of the facilities, it also takes into account the convenience offered the customer by the layout of physical facilities (Ananth et al, 2011). The higher customers appreciate on the physical aspects, the higher the overall evaluation of retail service quality is (Bellini et al., 2005).

ii. RELIABILITY

The reliability construct in the SERVQUAL model represents the service provider's ability to perform the promised service dependably and accurately. This is achieved through keeping promises to do something, providing right service, consistency of performance and dependability, service is performed right at the first time, the company keeps its promises in accuracy in billing and keeping records correctly, available merchandise and error-free sales transactions and records. Reliability also consists of accurate order fulfillment; accurate record; accurate quote; accurate in billing; accurate calculation of commissions; keep services promise.

Yang et al., (2003) mentioned that reliability is the most important factor in banking services. The higher customers appreciate on reliability, the higher the overall evaluation of retail service quality is (Ndubisi, 2006).

iii. ASSURANCE

The assurance construct consists of competence (possession of the required skills and knowledge to perform the service), courtesy (consideration for the customer's property, clean and neat appearance

of public contact personnel), credibility and security of the employees and their ability to inspire trust and confidence. According to Sadek et al. (2010), in British banks assurance means the polite and friendly staff, provision of financial advice, interior comfort, eases of access to account information and knowledgeable and experienced management team.

This includes employees having knowledge to answer questions, inspiring confidence, providing prompt service, willing to respond to customer's requests, giving customers individual attention, showing consistent courtesy with customers and even treat customers properly on the phone.

iv. **RESPONSIVENESS**

Responsiveness is the determinant that defines the willingness to help customers and to provide prompt services. It is the desire and willingness to assist customers and deliver prompt service .It involves features such as the opening hours of the service provider, the politeness of the employees, and the time the customer has to wait in order to get the service.

In other words, it describes how quickly and affective the response to the customer is to services rendered. Willingness to help customers is likely to have an important and positive effect on customer' perceived service quality and customer satisfaction in retail banking.

Mengi (2009) asserted that responsiveness is positively related to service quality and customer satisfaction. It is also involves understanding needs and wants of the customers, convenient operating hours, individual attention given by the staff, attention to problems and customers'' safety in their transaction (Kumar et al., 2009).

v. **EMPATHY**

The last dimension of the SERVQUAL model is empathy. Empathy is the caring and personalized attention the organization provides its customers. It is reflected in the service provider's provision of access, communication and understanding the customer. Individual attention, convenient operating hours, understanding of the staff when a problem occurs and the knowledge the employees have of the customers' needs were the primary elements included in the evaluation of empathy.

This dimension captures aspects of service quality that are directly influenced by service provider's policy such as good customer service, convenience of parking and operating hours (Butcher, 2001; Ndubisi, 2006; Ehigie, 2006).

II. BANK SERVICE QUALITY MODEL

Bahia and Nantel (2000) developed a specific new scale for perceived service quality in retail banking called Bank Service Quality (BSQ).

The scale includes 31 items classified across six dimensions which are effectiveness and assurance, access, price, tangibles, range of services offered and reliability.

(i) Effectiveness and assurance: effectiveness refers to the effective delivery of service (particularly the friendliness and courtesy of employees) and the ability of staff to inspire a feeling of security. Assurance concerns the staff's ability to exhibit their communication skills and to deal confidentially with clients' requests. (ii) Access: assesses the speed of service delivery, (iii) Price: measures the cost of service delivery, (iv) Tangibles: assess the appearance and cleanliness of a bank's physical infrastructure. (v) Service portfolio: assesses the range, consistency, and innovation of the bank's products, and (vi) Reliability: it measures the bank's ability to deliver the service you have been promised accurately and without error.

III. CARTER MODEL

Othman and Owen (2001) developed an instrument called CARTER based on 35 items having six dimensions in a paper titled developing an instrument to measure customer service quality in Islamic banking. This was the first time a new dimension was added to SERVQUAL five dimensions called "compliance with Islamic principles" that defines the bank's ability to operate in compliance with the principles of Islamic banking and economy (Abedniya and Zaeim, 2011). It includes attributes such as Islamic law and principles, provision of free interest loans and provision of Islamic products and services among others. Thus, CARTER is an acronym denoting Compliance with Islamic principles, Assurance, Reliability, Tangibles, Empathy and Responsiveness (Ghani and Said, 2011). They applied their model to a case study and found a positive link between quality, satisfaction and service encounter. Their findings proved that CARTER instrument is valid in measuring service quality. Consequently, the usage of CARTER instrument is limited to Islamic banking industry, hence its adoption in this study.

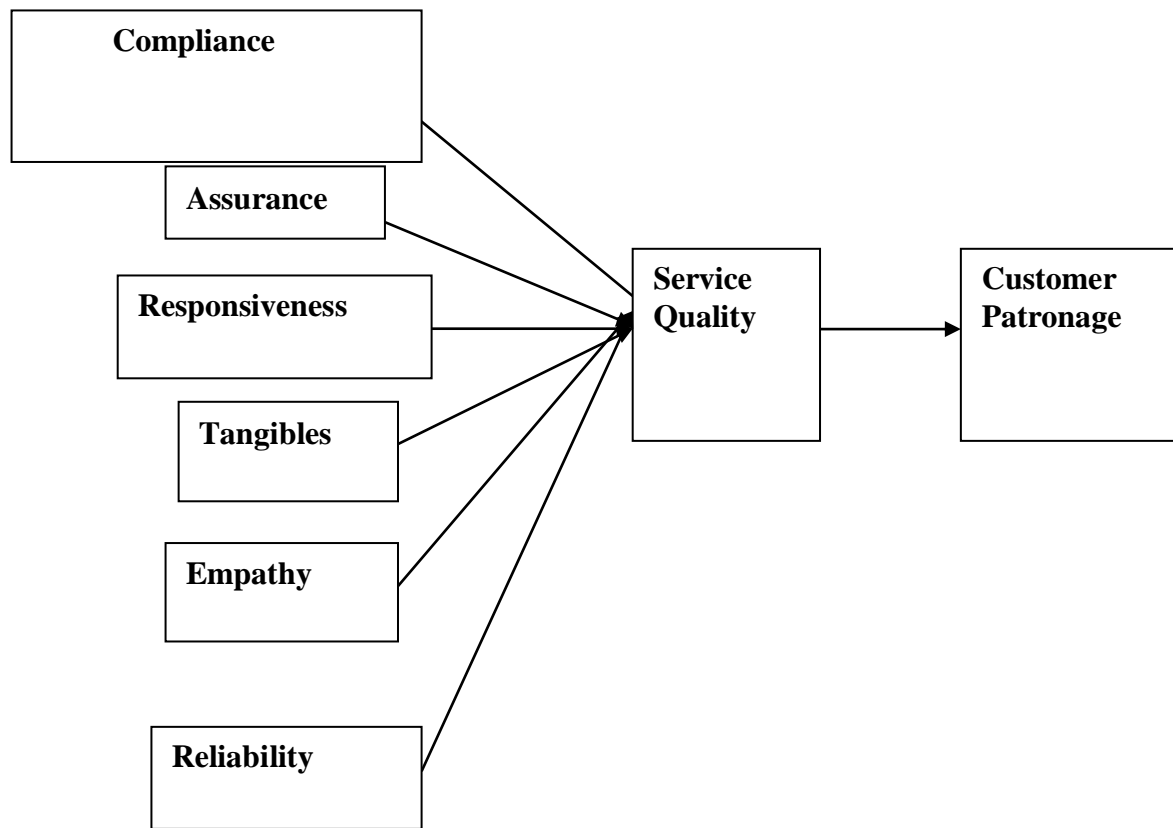


FIGURE 1: CARTER Conceptual Model of Service Quality Adapted from Othman and Owen (2001))

3.0 METHODOLOGY

This study used cross sectional survey design to examine the effectiveness of service quality delivery of Islamic Banking as perceived by customers in Southwestern Nigeria. The population of the study was made up of all the customers who patronised Ikeja, Ikoyi, Marina and Ibadan branches of JAIZ bank, in Southwestern Nigeria. Convenience sampling method was used to select 120 customers from the four branches of the bank. Customers' responses regarding service quality were collected using the CARTER instruments as developed by Othman and Owen (2001) which initially has 35 service items statements and was reduced to 25.

The developed CARTER model included five items for compliance, four items constituting the tangibles dimension; responsiveness four items, four items corresponding to the reliability dimension, four items to the assurance dimensions, and four items to empathy dimensions respectively. The respondents were interviewed using structured questionnaire. All answers of question in the questionnaire were scaled into five points starting from strongly agree to strongly disagree according to Likert scale.

The data were analysed using descriptive statistics methods of frequency and percentage tables , while Partial Least Square Structural Equation Modelling (PLS-SEM) with the aid of Smart PLS version 3.were used to test the hypotheses formulated whether significant relationship exist between service quality dimensions and customers’ patronage.

3.1 VALIDITY AND RELIABILITY OF THE STUDY

The study attempted to ensure that the findings were both valid and reliable. Validity is the extent to which the test-items measure what they purport to do. The instrument’s content was assessed through Discriminant validity using Average Variance Extracted (AVE). The average amount of variation that a latent construct is able to explain in the observed variables which it is theoretically related. The square root of AVE for each construct (shown on the diagonal of the correlation matrix) should be larger than the correlations with other constructs to verify the discriminant validity (Chin, 1998). Table 1.0 shows the comparison between AVE and construct correlations.

TABLE 1: CORRELATION MATRICES AND DISCRIMINANT VALIDITY FOR VARIABLES (N = 99).

	AVE	ASS	COMP	CP	EMP	REL	RESP	TAN
ASS	0.546	0.739 ^a						
COMP	0.603	0.521	0.777 ^a					
CP	0.714	0.678	0.618	0.845 ^a				
EMP	0.547	0.556	0.543	0.734	0.739 ^a			
REL	0.677	0.492	0.426	0.778	0.638	0.614 ^a		
RESP	0.651	0.579	0.650	0.666	0.586	0.562	0.807 ^a	
TAN	0.603	0.619	0.620	0.650	0.568	0.584	0.768	0.776 ^a

^aSquare root of AVE.

The results reported in Table 1.0 show that the diagonal elements are significantly greater than the off diagonal elements in the corresponding rows and columns, thus indicating support for the discriminant validity of the constructs in the study.

Furthermore a measure of co-efficient reliability (Cronbach’s Alpha) was computed for each dimension to assess the reliability of the set of items forming that dimension. (See Table2.0 below). The co-efficient ranges from 0.71 to 0.78. As a rule; 0.70 and above co-efficient means that the collected responses through questionnaires have good reliability and level consistency.

Table 2: RELIABILITY TEST TO MEASURE SERVICE QUALITY DIMENSIONS

DIMENSIONS	CRONBACH'S ALPHA(α)	COMPOSITE RELIABILITY	AVERAGE VARIANCE EXPLAINED
Compliance	0.74	0.801	0.603
Assurance	0.73	0.778	0.546
Responsiveness	0.73	0.793	0.651
Tangibles	0.78	0.855	0.603
Reliability	0.75	0.807	0.677
Empathy	0.71	0.793	0.547
Customer Patronage	0.80	0.828	0.714

Source: Field Data July, 2017

4.0 DATA ANALYSIS AND DISCUSSIONS

The researcher used descriptive statistical methods of frequency and percentage tables to summarize and interpret the socio-demographic characteristics of respondents. Out of the 120 questionnaires administered, 99 were returned, which yielded 82.5% response rate.

4.1 ANALYSIS OF SOCIO-DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

The Socio-demographic characteristic of respondents reveals that male and female customers accounted for 64.6% and 35.4% of respondents respectively. The research, also make known that out of 99 responses 8.1% were below the age 20, 34.3% were between ages 21-30, 36.4% were between ages 31-40, 11.1% were between ages 41-50 and 10.1% were from ages 51 and above. This indicates that majority of the customers belongs to the active labour force who contributes immensely to the growth of the country.

In relation to the customer's level of education, it shows that 6.1 of the respondents possesses P.hd, degree, 8.1% of the respondents are Masters Degree holders, (46.5%) are for B.Sc., HND holders, 18.2%, ND 12.1% while the remaining 9.1% were holders of Secondary School certificates. This indicates that majority of our respondents were educated and gave accurate responses to the questions. Regarding customer's occupation, this research reveals that about 43.4% of the respondents indicated that they were in private employment. This was followed by 21.2 % respondents in the public sector and 11.1% being students. The table further reveals that 17.2 % of the respondents indicated that they were self employed, while the remaining 6% were unemployed. Concerning religion, 65.7% of the respondents were Muslims and the remaining 34.3% Christians.

Similarly, it can be seen from this research that 44.4% and 43.4% represents married and single respondents, while the remaining 12.1% were widows. This study also shows that 15.1% of the

respondents starts patronizing JAIZ bank between weeks to one month, 18.3% of the respondents engages the services of JAIZ bank between one month to six month, while 7% of the respondents maintained their patronage of the bank from six month to one year. Moreover, respondents representing 10.2% have spent between one year to two years, while 8.1% of the respondents accounted for those that retain their patronage between two years ,5.1 % of the respondents had been operating their accounts for three years with JAIZ bank .The remaining respondents representing 8.1% and 5.1% were banking with JAIZ bank for four and five years respectively.

On types of account operated by respondents, this study shows that 25.3% of respondents operates mudaraba account, 23.2% were murabaha account holders ,11.1% operated musharaka accounts, ijarah were operated by 16.2% of respondents, istisna accounted for 5.1% and .5.1 % of the respondents were salam account holders, while the remaining 4.1 % were offered other services respectively.

Meanwhile, On other types of account operated by respondents, this study shows that 40.4% of respondents operates savings account,34.3% were current account holders ,10.1% operated investment accounts, and other accounts holder accounted for 15.2 % of the respondents respectively.

Furthermore, the study reveals that 22.2% of the Islamic bank customers were entrepreneurs, 19.2% comprises of civil servant, 17.2% were artisans, 11. % came from cooperative societies, farmers 13.2% and the remaining 17.2% were traders.

Regarding factors responsible for low patronage, 34.3% of respondents regarded few branches as reasons for low patronage of Islamic Banking in South Western Nigeria. While 12% of respondents identify frequent breakdown of network as another factor responsible for low patronage, other respondents suggested inadequate P.O.S centres, inadequate advertisement, lack of awareness, misconception about Islamic banking and improper location were other factors responsible for low patronage of Islamic Banking in South Western Nigeria with 7.1%, 5.1% , 19.2 % , 24.2% and 4% respectively.

The study shows that 32% of the respondents suggested television to be the medium which the Islamic bank can use to reach their potential customers, 21.2% of the respondents picked religious centres as means of communication, other respondents suggested radio advert, labour unions, Newspapers, and seminar and conferences were other medium of reaching customers by Islamic bank with 16.2%, 6.1%, 15.2 % , and 9.1% respectively.

4.2 PARTIAL LEAST SQUARE ANALYSIS

Partial Least Square analysis was used to test the relationship between service quality dimensions using CARTER model and customer patronage.

The results in the table 3.0 below indicates that there exist positive relationship between Customer Patronage and all the six service quality dimensions using CARTEL model of Compliance with Islamic principles(COMP), Assurance(ASS), Reliability(REL), Tangibles(TAN), Empathy(EMP) and Responsiveness(RESP), with co-efficient of 0.473, 0.541, 0.335, 0.465, 0.697 and 0.878 respectively at 1% level of significance. Out of the six independent variables used for measuring service quality dimensions, only two namely, Responsiveness (0.878) and Empathy(0.697) have strong and significant relationships , Assurance (0.541) shows moderate and significant relationship ,whereas Compliance with Islamic principles,(0.473) Tangibles (0.465) and Reliability (0.335) reveals weaker and significant relationships with customers' patronage.

4.2.1 Structural Model Result

Table 3.0 shows the findings of PLS analysis. The findings show the contribution of independent variables on dependent variable. Furthermore, results show that ASS is positively related to CP ($\beta = 0.541$; $p \leq 0.001$), supporting H1. COMP is positively related to CP ($\beta = 0.473$; $p \leq 0.001$), supporting H2. EMP is positively related to CP ($\beta = 0.697$; $p \leq 0.001$), supporting H3. REL is positively related to CP ($\beta = 0.335$; $p \leq 0.001$), supporting H4. RESP is positively related to CP ($\beta = 0.878$; $p \leq 0.001$), supporting H5. TAN is positively related to CP ($\beta = 0.465$; $p \leq 0.001$), supporting H6.

Overall, Table 3.0 also shows that the proposed research model explains 58.2% of the variance in customer patronage.

Table 3: PARTIAL LEAST SQUARE ESTIMATIONS (N = 99).

Hypothesised relationships	Coefficient	t-statistics
H1 ASS → CP	0.541***	2.61
H2 COMP → CP	0.473***	3.01
H3 EMP → CP	0.697***	2.87
H4 REL → CP	0.335***	6.41
H5 RESP → CP	0.878***	7.23
H6 TAN → CP	0.465***	5.54
R ²	0.582	

*** $p \leq 0.001$

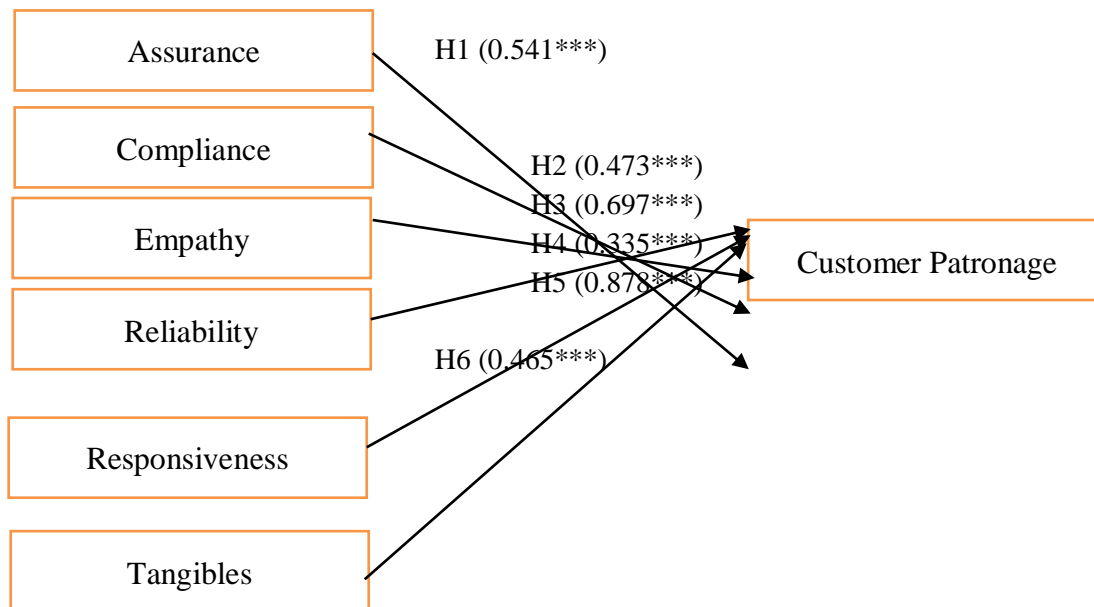


Figure 2. PATH DIAGRAM OF PARTIAL LEAST SQUARE ESTIMATIONS.

i. Assurance

The result of Partial Least Square analysis provided in table 3.0 above shows that positive moderate linear relationship exists between customer patronage and assurance. The result shows a coefficient of 0.541 at ($p < 0.01$) significant level. Assurance always played an important role in banking sector because of requirement for interaction between bank employees and customers. Moreover, it includes employees having knowledge to answer questions, inspiring confidence, providing prompt service, willing to respond to customer's requests, giving customers individual attention, showing consistent courtesy with customers and even treat customers properly on the phone. According to Sadek et al. (2010), in British banks assurance means the polite and friendly staff, provision of financial advice, interior comfort, eases of access to account information, knowledgeable and experienced management team.

ii. Compliance to Islamic Law

The result of Partial Least Square analysis provided in table 3.0 above shows that positive weak linear relationship exists between customer patronage and compliance to Islamic law. The result shows a coefficient of 0.473 at ($p < 0.01$) significant level. Compliance to Islamic is the hallmark of Islamic banking which describes the ability of the bank's compliance in applying the principles of Islam in any transactions, i.e., the bank operates in accordance with the principles of Islam, such as, without interest, producing Islamic products and services, share income, free from uncertainty, halal investment, zakat/charity, honest and fair transactions. Therefore the hypothesis that there is no

relationship between compliance to Islamic law and customers' patronage of Islamic Banking in South Western Nigeria should be rejected.

iii. Empathy

The result of Partial Least Square analysis provided in table 3.0 above shows that positive strong linear relationship exists between customer patronage and tangibles. The result shows a coefficient of 0.697 at ($p < 0.01$) significant level. Empathy is the caring and personalized attention the organization provides its customers. It is reflected in the service provider's provision of access, communication and understanding the customer, convenient operating hours, understanding of the staff when a problem occurs and the knowledge the employees have of the customers' needs. Therefore the hypothesis that there is no relationship between empathy and customers' patronage of Islamic Banking in South Western Nigeria should be rejected.

iv. Responsiveness

The result of Partial Least Square analysis provided in table 3.0 above shows that positive strong linear relationship exists between responsiveness and customer patronage. The result shows a coefficient of 0.878 at ($p < 0.01$) significant level. This study confirms that responsiveness and customer patronage are positively correlated with each other. The rationale behind this findings is the desire and willingness to assist customers and deliver prompt service by JAIZ bank. It also involves features such as the opening hours of the service provider, the politeness of the employees, and the time the customer has to wait in order to get the service. In other words, it describes how quickly and affective the response to the customer is to services rendered. Willingness to help customers is likely to have an important and positive effect on customer' perceived service quality and customers' patronage in retail banking. This research was consistent with some earlier research (Shafie et al., 2004) who reported that responsiveness was as the most variable that improved satisfaction for the customer. The results of this study were also in line with Ladhari et al. (2011) who found that the most important predictor of satisfaction was responsiveness. Therefore the hypothesis that there is no relationship between tangibles and customers' patronage of Islamic Banking in South Western Nigeria should be rejected.

v. Tangibles

The result of Partial Least Square analysis provided in table 3.0 above shows that positive weak linear relationship exists between customer patronage and tangibles. The result shows a coefficient of 0.465 at ($p < 0.01$) significant level. This study confirms that tangibles and customer patronage are positively correlated with each other. The possible explanation of this finding is that bank customers considers tangible indicators of service quality such as the premises of the banks, prompt release of bank statement of account, computer and network system, spacious banking hall and perhaps the appearance of the bank's staff before patronising banks. Therefore the hypothesis that

there is no relationship between tangibles and customers' patronage of Islamic Banking in South Western Nigeria should be rejected.

vi. Reliability

The result of Partial Least Square analysis provided in table 3.0 above reveals that positive weak linear relationship exists between customer patronage and reliability. The result shows a coefficient of 0.335 at ($p < 0.01$) significant level. This study confirms that reliability and customer patronage are positively correlated with each other. The customers will be satisfied when they are sure that bank employees who will serve them are reliable in giving accurate information and recording of customer account. The result shows that customers will patronise banks that can handle and solve their complaints quickly and this has not been effectively utilised by JAIZ bank because this research indicated that reliability provided the weakest positive relationship with customer patronage. Therefore the hypothesis that there is no relationship between reliability and customers' patronage of Islamic Banking in South Western Nigeria should be rejected.

4.3 DISCUSSION OF FINDINGS

The result of this study agree with the findings Othman and Owen (2001) who found positive relationship between CARTER model on Kuwait Finance House to measure the service quality and satisfaction in Islamic banking industry. In other words, it is also in line with the findings of Shafie, Azmi and Haron (2004) that applied CARTER dimensions to study the perception of retail customers in Malaysian Islamic banks and found out that level of satisfaction is positive and significant. However, the findings of Irwan , Surachman, Djumilah and Armanu(2013) revealed that compliance dimension out of all other dimensions shows the weakest positive relationship and not reliability as provided in this study.

This study reveals that responsiveness and empathy, were the most important CARTEL dimensions of service quality that have positive strong relationship with customer patronage, while assurance shows moderate and positive relationship of JAIZ bank patronage in Southwestern, Nigeria. This can be traced largely to the ability of the bank desire and willingness to assist customers, understanding needs and wants of the customers, convenient operating hours, attending to problems and customers' safety in their transactions, polite and friendly staff, provision of financial advice, interior comfort, eases of access to account information, knowledgeable and experienced management team. Furthermore, good customer service, convenience of parking at the bank premises could have accounted for the strong relationship.

However, the other three service dimensions that shows positive weak relationship namely compliance with Islamic principles, tangibles and reliability may be as a result of inability of customers getting adequate information about principles of Islamic banking i.e., the bank operates

without interest, offering Islamic products and services, share income, gharar, halal investment, zakat /charity, engages in honest and fair transactions, promotion of wealth creation and encouraging small and medium scale enterprises to grow and expand, late release of bank statement of accounts to customers, computer and network system problems, lack of spacious banking hall, the appearance of the bank's staff, keeping promises to do something, providing right service, consistency of performance and dependability, accuracy in billing and keeping records correctly.

Therefore, the Islamic bank managers need to emphasise strongly on the attributes of the other three service dimensions that shows positive and weak relationships namely compliance with Islamic principles, tangibles and reliability in order to deliver high service quality that will eventually result in increased patronage of Islamic Banking in South Western Nigeria. On the other hand, the constructs of responsiveness and empathy that reveals positive and strong relationship should be improved upon by the bank in order to attract and retain their customers.

This study also sought to find out the factors that were responsible for low patronage of Islamic Banking in South Western Nigeria. The finding reveals that few branches, frequent breakdown of network, inadequate P.O.S centres, inadequate advertisement, lack of awareness, misconception about Islamic banking and improper location were responsible for low patronage of the bank.

The result of the finding is in consonant with the study of Moguluwa, and Ode (2013) that banks should deploy more ATM machines, cash and cheques deposit machines, create more branches and improve on the usage of online and phone banking.

This study also sought to determine medium by which Islamic bank can use to reach their potential customers. The findings shows that television, religious centres, radio advert, labour unions, Newspapers, seminar and conferences were avenues of informing customers about Islamic banking services in Southwestern, Nigeria.

5. RECOMMENDATIONS

This study examines the relationship between service quality dimensions and customers' patronage of Islamic Banking in South Western Nigeria. Based on the findings of this research, it is recommended that:

The management of the Islamic bank should pay urgent attention and develop strategies to optimised CARTER service quality dimensions such as compliance with Islamic principles, tangibles and reliability, and focus essentially on responsiveness, empathy and assurance constructs in order to attract more potential customers, retain old ones avoid high level of customer dissatisfaction.

The bank managers are also implored to increase patronage of their customers by opening more branches especially in commercial cities, deplore more ATM and P.O.S machines in strategic locations such as markets, higher institutions, and religious centres, improve their network interconnectivity, engages in aggressive advertisement and marketing in print and media houses, labour and trade unions, in her quest to attract strong patronage.

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