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Marketing Islamic Banking Services and Their Impact on Customer Satisfaction (A case study of Al-Rajhi Bank - Saudi Arabia)

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Abstract

This research investigates the concept of marketing Islamic banking services and its impact on customer satisfaction. The problem of the research is represented in identifying the relationship between marketing Islamic banking services and customer satisfaction. The researcher adopted the descriptive analytical approach. A questionnaire was designed of three aspects to verify the hypotheses of the research in order to achieve the objectives of the research which were represented in highlighting the role provided by the Islamic banks in general and Al-Rajhi Bank in particular. The most important findings of the research: Al-Rajhi Bank to a great extent applies marketing from an Islamic perspective. There is a relationship between marketing Islamic banking services and customer satisfaction. The most important recommendations: Banks should be encouraged to market Islamic banking services.

Keywords: Concept of marketing - Islamic banking services – Marketing Islamic banking services - Customer satisfaction.

Introduction

Islamic banking services witnessed a great development and have proved its worthiness in the international market, especially after the Global Financial Crisis in 2008, the most important reasons behind which were the repaying real estate loans through banks that depend on interest rates ‘usury’ (riba) in dealings. Therefore, Islamic banking financing services have been very popular because they save and invest money in Islamic legitimate framework.

Research Problem

The problem of the research is represented in identifying the relationship between the marketing of Islamic banking services and customer satisfaction applied on the experience of Al-Rajhi Bank in the Kingdom of Saudi Arabia

Research Importance

The importance of the research lies in identifying to what extent Saudi banks (Al-Rajhi Bank) apply the marketing from an Islamic perspective and how this affects customer satisfaction in light of the severe competition faced by the Islamic banks among themselves on one hand, and with the traditional banks on the other hand.

Research Objectives

The research aims to highlight the role of the Islamic banks in general and Al-Rajhi Bank in particular, and to what extent customer are satisfied with the Islamic banking services provided.

Research Hypotheses

Hypothesis one: Al-Rajhi Bank to a great extent applies marketing from an Islamic perspective.

Hypothesis two: There is a statistically significant relationship between the marketing of Islamic banking services and customer satisfaction (Al-Rajhi Bank).

Research Methodology

The research adopts the descriptive analytical approach. A questionnaire was designed to verify the research hypotheses.

Previous Studies

1. Mustafa et al (2009) conducted a study entitled: The Islamic Banks Application of the Concept of Islamic Banking Marketing from the Point of View of Customers: A Case Study of Jordan.

The study aimed to identify to what extent Jordanian Islamic banks apply the concept of Islamic banking marketing from the point of view of Islamic banks' customers. The study concluded that the Jordanian Islamic banks apply the concept of Islamic banking marketing.

2. Nasser et al (1999) conducted a study entitled: Islamic Bank: A Study on Customer Satisfaction in Jordan.

The study aimed to clarify whether the Islamic banking system in Jordan is increasing and capable of facing severe competition. The study concluded that there is an increase in fulfilling the Islamic bank's dealers' needs and desires through the facilities and services provided by Murabaha, Mudharaba and Musharaka.

3. Paul conducted a study entitled: Marketing Ethics in Islamic and Christian Communities.

The study aimed to identify the strong advantages of two different communities and to study the control products, their forms and relationship to the religion levels on the island of Cypress in Cyprus. The study concluded that there is a strong agreement between the Islamic and Christian communities, and showed differences in dealing and logic when performing marketing operations.

Islamic Concept of Marketing

Some people believe that marketing is a newborn science, while it has been existing and known since the presence of the prophet Adam, peace be upon him, and Eve in Paradise, when Allah, the Almighty addressed them saying :

(To Adam We said: 'Dwell with your wife in Paradise and both eat of it as much as you wish and wherever you will. But neither of you should come close to this tree or else you shall both become transgressors) (Sura AL-BAQARA :35) is the perfect choice of the alternatives the well-known concept of marketing. Makkah Al-Mukarramah after those ages played an active role in practicing banking credit among the Arabs, as it was an oasis of peace and security, and the center of trade in the Arabian Peninsula before and after Islam. Trade caravans used to travel from Makkah to the north in summer and to the south in winter. They were the winter and summer trips as stated by the Almighty's saying: (And with all those Allâh's Grace and Protections, We cause) the (Quraish) caravans to set forth safe in winter (to the south) and in summer (to the north without any fear). Arabs returned from Syria with Roman gold dinars, from Iraq with silver dirhams, and from Yemen with Himyarite dirhams, and they dealt with them based on weight as gold or silver. As a result of that trade activity, three types of banking business emerged (Muhammad, 2008):

1. Deposits: Merchants used to deposit their money with people known for trust and loyalty. The Prophet Mohammed (may Allah bless and grant him peace) was known before the prophecy for trust, and he was called the trustworthy, as people in Mecca used to deposit their money and trust with him, and when he migrated to Yathrib, he entrusted them to Ali Ibn Abi Talib (may Allah honor his face) to return them to the owners.

2.Mudharaba: It is a short-term joint investment that aims to seize opportunities, especially by investing money in trade in exchange for a share of the profit.

3. Interest-based lending, especially usury.

Concept of Islamic Banks

There is no difference between the concept of Islamic banks and the concept of commercial banks, in terms of the services provided. The essence of the difference is in the method and the purpose of providing. The agreement of the establishment of the International Association of Islamic Banks defined the Islamic banks as “the banks or institutions that the act and basic system of their establishment clearly state the commitment to the principles of Islamic Sharia and not to use usury (riba) neither receiving nor paying (Al-Sharqawi, 2000). This definition does not reflect the characteristics and objectives of the Islamic banking system, because there are banks that do not use usury (riba), such as agricultural banks in India and cooperative banks in Germany, but they are not Islamic banks. Therefore, the definition of Islamic banks should reflect not only using permissible dealing and not dealing with usury, but also applying the principles of Islam, its commands and prohibitions for achieving the objectives in all areas of work (Rafeeq, 1997).

Banking Services Provided by Al Rajhi Bank

1. Real estate financing products approved by the Bank’s Sharia Board.

2. Car financing options in accordance with the provisions of Islamic Sharia, for example: Financing Ijarah Product - Murabaha Product.

3. Credit cards in accordance with the rules and provisions of Islamic Sharia.

Methodology and Procedures of the Research

Research Methodology

This research uses the descriptive analytical approach to achieve its objectives. This approach helps to investigate and interpret phenomena, identify the problem, and use appropriate statistical methods to analyze and interpret data. A questionnaire was prepared in accordance with the research hypotheses and objectives.

Research Limits

Spatial limits: Al-Rajhi Bank - Saudi Arabia.

Time limits: The study is limited to the year 2022.

Human limits: Al-Rajhi Bank clients who are members of the teaching staff at King Khalid University.

Research Population

The population of the research consists of Al-Rajhi Bank clients who are the employees of King Khalid University (male and female members of the teaching staff) in 2022; the total population was 200 employees.

Research Sample

The researcher used Stephen Thompson equation to determine the sample size; the sample size was 101.

Research Tool

The researcher designed a questionnaire using a five-graded Likert scale (strongly agree, agree, neutral, disagree, and strongly disagree) to survey the opinions of Al-Rajhi Bank clients from the employees of King Khalid University (teaching staff members). The first section included the demographic data of the research sample, while the second section included two aspects:

Hypothesis one: Al-Rajhi Bank to a great extent applies marketing from an Islamic perspective.

Hypothesis two: There is a statistically significant relationship between the marketing of Islamic banking services and customer satisfaction (Al-Rajhi Bank).

Validity and Reliability of the Research Tool

The researcher used the Cronbach-Alpha method to verify to what extent there is a correlation between the measurements expressing the opinions of the research sample; the value of reliability coefficient was 0.95, which is greater than the acceptable minimum for the reliability coefficient, which is 0.97; this means that there is reliability is available to a great degree the statistical analysis results can be based on.

First: Description of the Sample

Table (1): Frequency and percentage distribution of the research sample gender

Item	Frequency	Percentage %
Male	62	61.4
Female	39	38.6
Total	**101**	**100.0**

Source: Prepared by the researcher based on the field study data 2022.

Table (1) above, shows that there are 61.4% of the research sample individuals were males, while 38.6% of them were females. Therefore, most of the research sample individuals were males.

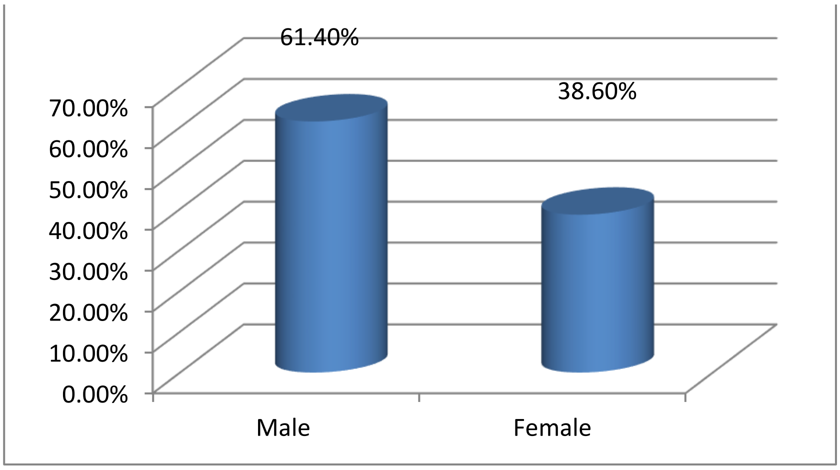

Figure (1): Frequency and percentage distribution of the research sample gender

Table (2): Frequency and percentage distribution of the research sample age

Item	Frequency	Percentage %
Less than 30 years	51	50.5
30 and less than 40 years	15	14.9
40 and less than 50 years	25	24.8
50 years and more	10	9.9
Total	**101**	**100.0**

Source: Prepared by the researcher based on the field study data 2022.

Table (2) above, shows that 50.5% of the research sample individuals their age less than 30 years, 14.9% of them their age 30 and less than 40 years, 24.8% of them their age 40 and less than 50 years and 9.9% of them their age 50 years and more. Therefore, most of the research sample individuals were from the youth group

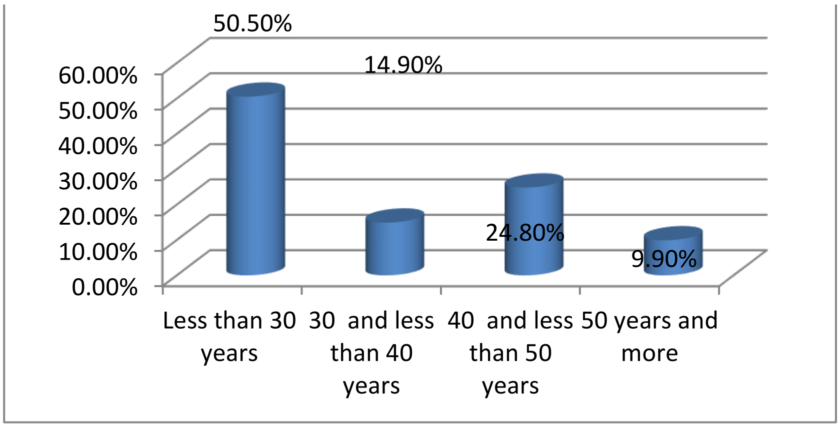

Figure (2): Frequency and percentage distribution of the research sample age

Table (3): Frequency and percentage distribution of the research sample transaction with the bank

Item	Frequency	Percentage %
Less than 1 year	13	12.9
1 to 5 years	44	43.6
More than 5 years	44	43.6
Total	**101**	**100.0**

Source: Prepared by the researcher based on the field study data 2022.

Table (3) above, shows that 12.3% of the research sample individuals transacted with the bank for less than 1 year, 43.6% of them transacted with the bank for 1 to 5 years and 43.6% of them transacted with the bank for more than 5 years. Therefore, most of the research sample individuals transacted with the bank from 1 to more than 5 years.

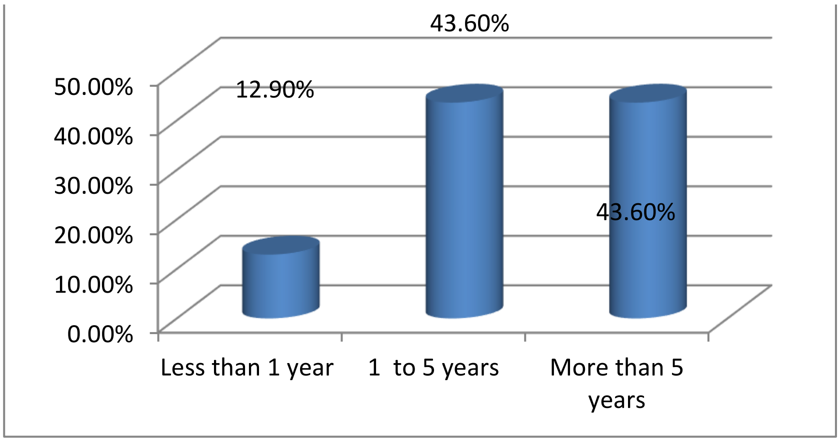

Figure (3): Frequency and percentage distribution of the research sample transaction with the bank

Table (4): Frequency and percentage distribution of the research sample education level

Item	Frequency	Percentage %
Secondary	16	15.8
University Intermediate Diploma	37	36.6
Bachelor	19	18.8
Postgraduate	29	28.7
Total	**101**	**100.0**

Source: Prepared by the researcher based on the field study data 2022.

Table (4) above, shows that 15.8% of the research sample individuals education level was secondary, 36.6% of them their education level was university intermediate diploma, 18.8% of them their education level was bachelor and 28.7% of them were postgraduates. Therefore, most of the research sample individuals were university medium diploma holders.

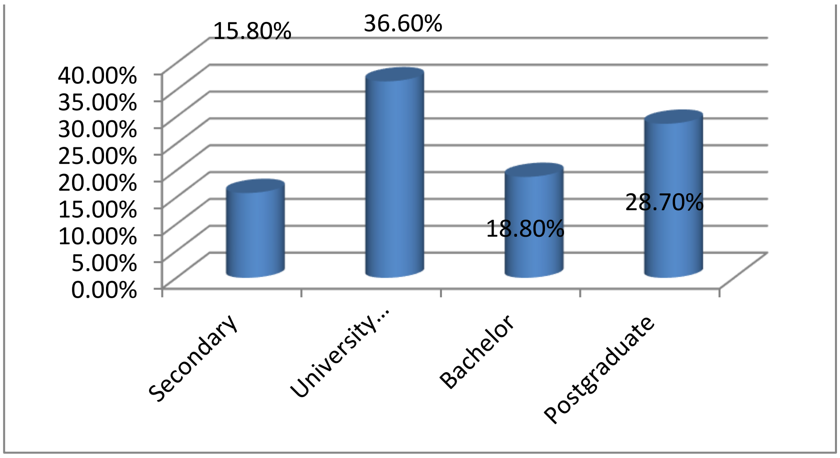

Figure (4): Frequency and percentage distribution of the research sample education level

Table (5): Frequency and percentage distribution of the research sample active banking accounts

Item	Frequency	Percentage %
1	71	70.3
2	25	24.8
More than 2	5	5.0
Total	**101**	**100.0**

Source: Prepared by the researcher based on the field study data 2022.

Table (5) above, shows that 70.3% of the research sample individuals have one active account, 24.8% of them have two active accounts and 5% of them have more than two active accounts. Therefore, most of the research sample individuals have one active account.

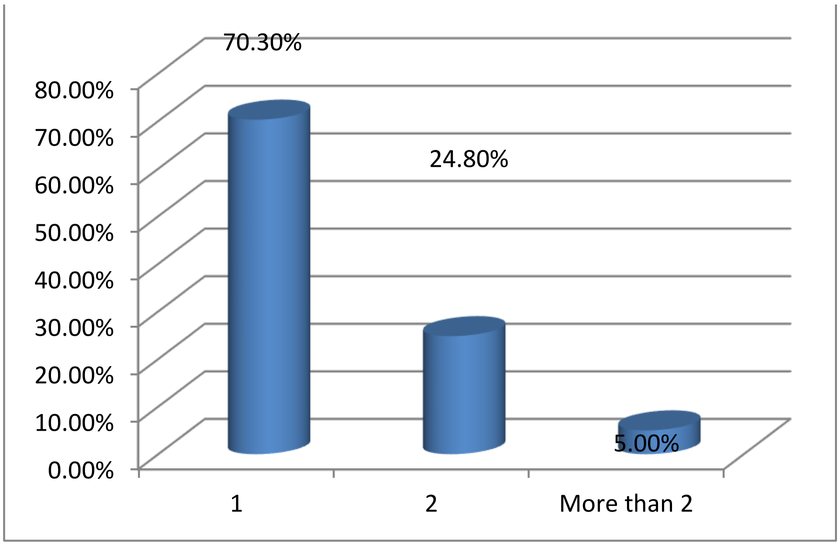

Figure (5): Frequency and percentage distribution of the research sample active banking accounts

Verification of the Research Hypotheses

Table (6): Frequency and percentage of the statements for the hypothesis one: (Al-Rajhi Bank to a great extent applies marketing from an Islamic perspective).

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1.The bank provides all Islamic banking services provided by other banks.	54	37	9	0	1
	53.5	36.6	8.9	0	1.0
2.Pricing methods are consistent with Islamic provisions and legislation.	47	40	13	1	0
	46.5	39.6	12.9	1.0	0
3. The pricing method is fair for both parties.	44	37	13	6	1
	43.6	36.6	12.9	5.9	1.0
4. The bank commits to promotion methods in accordance with Islamic Sharia.	49	38	13	1	0
	48.5	37.6	12.9	1.0	0
5. The bank develops the banking services provided in accordance with Islamic Sharia.	49	37	13	1	1
	48.5	36.6	12.9	1.0	1.0

6. The methods of providing services in the bank are considered good.	56	32	9	3	1
	55.4	31.7	8.9	3.0	1.0
7. The bank's employees commit to credibility in dealing.	51	34	11	4	1
	50.5	33.7	10.9	4.0	1.0
8. The bank's management cares about the bank's image among customers.	52	36	9	3	1
	51.5	35.6	8.9	3.0	1.0
9. New branches are opened in strategic places to provide Islamic banking services to customers.	49	37	11	2	2
	48.5	36.6	10.9	2.0	2.0
Hypothesis as a whole	451	328	101	20	9
	49.6	36.1	11.1	2.2	1.0

Source: Prepared by the researcher based on the field study data 2022.

Table (6) above shows the following:

1. 53.5% of the study sample individuals strongly agree, 36.6% agree, 8.9% are neutral, and 1.0% strongly disagree with the statement (The bank provides all Islamic banking services provided by other banks).

2. 46.5% of the study sample individuals strongly agree, 39.6% agree, 12.9% are neutral, and 1.0% strongly disagree with the statement (Pricing methods are consistent with Islamic provisions and legislation).

3. 43.6% of the study sample individuals strongly agree, 36.6% agree, 12.9% are neutral, 5.9% disagree, and 1.0% strongly disagree with the statement (The pricing method is fair for both parties).

4. 48.5% of the study sample individuals strongly agree, 37.6% agree, 12.9% are neutral, and 1.0% disagree with the statement (The bank commits to promotion methods in accordance with Islamic Sharia).

5. 48.5% of the study sample individuals strongly agree, 36.6% agree, 12.9% are neutral, 1.0% disagree, and 1.0% strongly disagree with the statement (The bank develops the banking services provided in accordance with Islamic Sharia).

6. 55.4% of the study sample individuals strongly agree, 31.7% agree, 8.9% are neutral, 3.0% disagree, and 1.0% strongly disagree with the

statement (The methods of providing services in the bank are considered good).

7. 50.5% of the study sample individuals strongly agree, 33.7% agree, 10.9% are neutral, 4.0% disagree, and 1.0% strongly disagree with the statement (The bank's employees commit to credibility in dealing).

8. 51.5% of the study sample individuals strongly agree, 35.6% agree, 8.9% are neutral, 3.0% disagree, and 1.0% strongly disagree with the statement (The bank's management cares about the bank's image among customers).

9. 48.5% of the study sample individuals strongly agree, 36.6% agree, 10.9% are neutral, 2.0% disagree, and 2.0% strongly disagree with the statement (New branches are opened in strategic places to provide Islamic banking services to customers).

10. 49.6% of the total answers of the study sample individuals strongly agree 36.1% agree, 11.1% are neutral, 2.2% disagree, and 1% strongly disagree with the hypothesis one, "Al-Rajhi Bank to a great extent applies marketing from an Islamic perspective".

Table (7): Frequency and Percentage of the statements for the hypothesis two: There is a statistically significant relationship between marketing Islamic banking services and customer satisfaction (Al-Rajhi Bank)

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1. You are satisfied with all the Islamic financing offers and services provided by the bank.	46	38	14	2	1
	45.5	37.6	13.9	2.0	1.0
2. The bank always asks customers to identify their needs and desires.	47	33	10	8	3
	46.5	32.7	9.9	7.9	3.0
3. The quality of Islamic financing services provided is better than the customer's expectations.	46	36	13	5	1
	45.5	35.6	12.9	5.0	1.0
4. The bank's management quickly handles customer complaints and problems.	44	35	11	6	5
	43.6	34.7	10.9	5.9	5.0
5. The quality of Islamic banking services	55	26	18	1	1

is high compared to traditional banks.	54.5	25.7	17.8	1.0	1.0
6. You believe that the pricing of Islamic banking services meets the customer's needs and desires.	46	39	12	2	2
	45.5	38.6	11.9	2.0	2.0
7. You are satisfied with that you are Al-Rajhi Bank's customer.	60	30	8	1	2
	59.4	29.7	7.9	1.0	2.0
Hypothesis as a whole	344	237	86	25	15
	48.7	33.5	12.2	3.5	2.1

Source: Prepared by the researcher based on the field study data 2022.

Table (7) above, shows the following:

1. 45.5% of the study sample individuals strongly agree, 37.6% agree, 13.9% are neutral, 2.0% disagree, and 1.0% strongly disagree with the statement (You are satisfied with all the Islamic financing offers and services provided by the bank).

2. 46.5% of the study sample individuals strongly agree, 32.7% agree, 9.9% are neutral, 7.9% disagree, and 3.0% strongly disagree with the statement (The bank always asks customers to identify their needs and desires).

3. 45.5% of the study sample individuals strongly agree, 35.6% agree, 12.9% are neutral, 5.0% disagree, and 1.0% strongly disagree with the statement (The quality of Islamic financing services provided is better than the customer's expectations).

4. 43.6% of the study sample individuals strongly agree, 34.7% agree, 10.9% are neutral, 5.9% disagree, and 5.0% strongly disagree with the statement (The bank's management quickly handles customer complaints and problems).

5. 54.5% of the study sample individuals strongly agree, 25.7% agree, 17.8% are neutral, 1.0% disagree, and 1.0% strongly disagree with the statement (The quality of Islamic banking services is high compared to traditional banks).

6. 45.5% of the study sample individuals strongly agree, 38.6% agree, 11.9% are neutral, 2.0% disagree, and 2.0% strongly disagree with the statement (You believe that the pricing of Islamic banking services meets the customer's needs and desires).

7. 59.4% of the study sample individuals strongly agree, 29.7% agree, 7.9% are neutral, 1.0% disagree, and 2.0% strongly disagree with the

statement (You are satisfied with that you are Al-Rajhi Bank's customer).

8. 48.76% of the total answers of the study sample individuals strongly agree, 33.5% agree, 12.2% are neutral, 3.5% disagree, and 2. 1% strongly disagree with the hypothesis two "There is a statistically significant relationship between marketing Islamic banking services and customer satisfaction (Al-Rajhi Bank)".

Table (8): Verification of the hypothesis one: (Al-Rajhi Bank to a great extent applies marketing from an Islamic perspective).

No	Statement	Chi-Sq	DF	P.Value	Mean	SD	Median	Result
1	The bank provides all Islamic banking services provided by other banks.	71.95	3	0.00	4.4158	.73848	5.00	Sig
2	Pricing methods are consistent with Islamic provisions and legislation.	56.58	3	0.00	4.3168	.73390	4.00	Sig
3	The pricing method is fair for both parties.	72.81	4	0.00	4.1584	.93523	4.00	Sig
4	The bank commits to promotion methods in accordance with Islamic Sharia.	58.01	3	0.00	4.3267	.77600	4.00	Sig
5	The bank develops the banking services provided in accordance with Islamic Sharia.	94.1	4	0.00	4.3069	.80923	4.00	Sig
6	The methods of providing services in the bank are considered good.	109.45	4	0.00	4.3762	.84678	5.00	Sig
7	The bank's employees commit to credibility in dealing.	91.82	4	0.00	4.2871	.88698	5.00	Sig
8	The bank's management cares about the bank's image among customers.	101.53	4	0.00	4.3366	.83997	5.00	Sig
9	New branches are opened in strategic places to provide customers with Islamic banking services.	92.02	4	0.00	4.2772	.88452	4.00	Sig
	Hypothesis as a whole	860.34	4	0.00	4.31	.830	4.0	Sig

Table (8) above, shows that all of the probable values of the chi-square test for the statements of the hypothesis one are less than 0.05 which is statistically significant. This means that there are statistically significant differences between the respondents' answers. Also, the value of the mean is greater than the hypothetical mean which is (3). Therefore, the respondents' opinions accepted the statements of the hypothesis.

The probable value of the chi-square test for the hypothesis one as a whole is less than 0.05, which is statistically significant. This means that there are statistically significant differences between the respondents' answers. Also, the value of the mean is greater than the hypothetical mean which is (3). Accordingly, the respondents' opinions accepted the statements of the hypothesis one (Al-Rajhi Bank to a great extent applies marketing from an Islamic perspective).

Table (9): Verification of the hypothesis two: There is a statistically significant relationship between marketing Islamic banking services and customer satisfaction (Al-Rajhi Bank).

No	Statement	Chi-Sq	DF	P.Value	Mean	SD	Median	Result
1	You are satisfied with all the Islamic financing offers and services provided by the bank.	71.95	3	0.00	4.4158	.73848	5.00	Sig
2	The bank always asks customers to identify their needs and desires.	56.58	3	0.00	4.3168	.73390	4.00	Sig
3	The quality of Islamic financing services provided is better than the customer's expectations.	72.81	4	0.00	4.1584	.93523	4.00	Sig
4	The bank's management quickly handles customer complaints and problems.	58.01	3	0.00	4.3267	.77600	4.00	Sig
5	The quality of Islamic banking services is high compared to traditional banks.	94.1	4	0.00	4.3069	.80923	4.00	Sig
6	You believe that the pricing of Islamic banking services meets the customer's needs and desires.	109.45	4	0.00	4.3762	.84678	5.00	Sig
7	You are satisfied with that you are Al-Rajhi Bank's customer.	91.82	4	0.00	4.2871	.88698	5.00	Sig

	Hypothesis as a whole	860.34	4	0.00	4.31	.830	4.0	Sig

Source: Prepared by the researcher based on the field study data 2022.

Table (9) above, shows that all of the probable values of the chi-square test for the statements of the hypothesis two are less than 0.05 which is statistically significant. This means that there are statistically significant differences between the respondents' answers. Also, the value of the mean is greater than the hypothetical mean which is (3). Therefore, the respondents' opinions accepted the statements of the hypothesis two.

The probable value of the chi-square test for the hypothesis two as a whole is less than 0.05, which is statistically significant. This means that there are statistically significant differences between the respondents' answers. Also, the value of the mean is greater than the hypothetical mean which is (3). Accordingly, the respondents' opinions accepted the statements of the hypothesis two (There is a statistically significant relationship between marketing Islamic banking services and customer satisfaction (Al-Rajhi Bank).

Findings:

In light of the data collected using the questionnaire and based on the hypotheses that represented the foundations of this study, and through analyzing the answers of the study sample individuals (Al-Rajhi Bank's customers) to the questionnaire questions given to them, the study concluded the following findings:

1. Al Rajhi Bank to a great extent applies marketing from an Islamic perspective.

2. There is a statistically significant relationship between the marketing of Islamic banking services and customer satisfaction (Al-Rajhi Bank).

3. The bank provides all Islamic banking services provided by other banks.

4. The pricing methods are consistent with Islamic laws and legislations.

5. The bank's employees commit to credibility in dealing.

6. The quality of Islamic financing services provided is better than the customer's expectations.

7. The pricing method is fair to both parties.

8. The bank commits to promotion methods in accordance with Islamic Sharia.

9. The bank develops the banking services provided in accordance with Islamic Sharia.

10. The method of providing services in the bank is good.

11. The bank's management cares about its image among customers.

12. The quality of Islamic banking services is high compared to traditional banks.

Recommendations:

Based on the findings, the research recommended the following:

1. To emphasize the importance of the Islamic banks and their ability to achieve the desirable return for the dealers by using methods of halal earning applying Islamic Sharia provisions.

2. To market the Islamic banks among the youth and other groups as profit-making centers like commercial banks, but through halal earning.

3. To Promote the Islamic banks through the elements of the Islamic banking marketing mix.

4. To open new branches of banks in strategic places to provide customers with the Islamic banking services.

5. To encourage the traditional banks to market the Islamic banking services that proved their worthiness in the international market.

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