

Redefining Customer Satisfaction in Islamic Financial Institutions: A Dual-Dimensional Theoretical Framework

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Abstract

Customer satisfaction in Islamic financial institutions (IFIs) transcends conventional service quality paradigms by incorporating spiritual, ethical, and legal expectations derived from *sharī'ah*. This study proposes a dual-dimensional framework for conceptualizing customer satisfaction that integrates conventional models—such as SERVQUAL and expectancy-disconfirmation theory—with Islamic ethical principles including *ʿadl*, *iḥsān*, and *amanah*. Employing a conceptual methodology grounded in literature from both Western service marketing and Islamic finance, this article synthesizes normative and empirical insights to address three core questions: how satisfaction is defined in IFIs, which theoretical models apply, and what factors influence satisfaction in this context. The findings emphasize the necessity of expanding existing satisfaction theories to account for religious legitimacy, moral trust, and psychological peace. The proposed framework not only identifies service performance indicators but also ethical variables like transparency, *sharī'ah* compliance, and social responsibility. This theoretical synthesis contributes to Islamic economic thought and offers practical guidance for IFIs seeking to enhance customer loyalty while maintaining religious fidelity. Future empirical validation of this model is recommended to operationalize satisfaction metrics within Islamic finance environments.

Keywords

Customer satisfaction; Islamic finance; *sharī'ah* compliance; service quality; Islamic business ethics

Introduction

Customer satisfaction has become a fundamental indicator of performance in the financial services industry, reflecting not only service quality but also long-term customer retention, brand equity, and competitive positioning. In conventional banking, satisfaction is typically derived from efficiency, reliability, personalization, and pricing. However, in recent decades, Islamic financial institutions (IFIs) have emerged as a parallel system designed to serve the growing demand for ethically grounded, religion-compliant financial services. Unlike their conventional counterparts, IFIs are not solely driven by profit maximization but by adherence to *sharī'ah* principles, which place equal emphasis on economic justice, prohibition of exploitative practices, and the promotion of social welfare.

The global expansion of Islamic finance—now valued at over USD 2 trillion—has magnified the importance of understanding the nuanced expectations of its customer base. Clients of IFIs are not merely seeking competitive returns or operational efficiency; they are also seeking assurance that their financial activities align with Islamic moral values. These include the strict avoidance of *riba* (interest), *gharar* (excessive uncertainty), and investment in sectors deemed *haram* (prohibited), such as alcohol or gambling. The commitment to risk-sharing and asset-backed financing further distinguishes Islamic finance from conventional systems. As such, the determinants of satisfaction in this sector go beyond functional service delivery and enter into domains of ethical congruence and spiritual reassurance (Iqbal & Mirakhor, 2007).

Given these distinct operational and theological foundations, scholars have argued that traditional models of customer satisfaction are inadequate when applied to Islamic finance. Lewis and Soureli (2006) contend that existing frameworks, which often focus on post-purchase evaluation and service utility, fail to capture the moral and religious dimensions that drive customer perception in IFIs. Satisfaction in Islamic finance is not simply the result of receiving efficient service or favorable outcomes—it is also a reflection of the client's belief that their financial conduct is religiously acceptable and spiritually beneficial. Therefore, any serious analysis of customer satisfaction in IFIs must consider both transactional factors and ethical-religious alignment, requiring a reconceptualization of existing theories to account for this dual dimension.

The theoretical significance of customer satisfaction in Islamic finance lies in its intersection with ethical finance, where customers evaluate services not only by outcome quality but also by alignment with moral and religious principles. Empirically, studies have noted a distinct set of expectations among clients of IFIs, including trust, *sharī'ah* compliance, transparency, and community engagement (Wilson, 2009). These expectations necessitate a reevaluation of standard satisfaction models. Parasuraman et al.'s (1985) SERVQUAL model, although widely adopted, does not account for

religious compliance or moral obligations, thus limiting its applicability in Islamic finance without contextual adaptation.

Current literature highlights several models addressing service quality and customer satisfaction in both conventional and Islamic settings, yet a comprehensive synthesis integrating both theological and management perspectives remains scarce. Scholars such as Dusuki and Abdullah (2007) emphasize the role of *maṣlaḥah* (public interest) and *niyyah* (intention) in shaping customer experiences. However, empirical gaps remain in identifying whether existing theoretical models sufficiently address the spiritual and ethical dimensions perceived by IFI clients. This lacuna points to the need for a theoretical framework that captures these unique attributes while remaining grounded in recognized satisfaction theories.

Based on this gap, this paper seeks to answer the following research questions: (1) How is customer satisfaction conceptualized in Islamic financial institutions? (2) What theoretical models are applicable or adaptable to Islamic finance settings? (3) What factors influence customer satisfaction from an Islamic perspective? These questions aim to bridge the gap between religious norms and service quality metrics to arrive at a holistic understanding of customer satisfaction.

The objective of this study is to develop a theoretical and analytical model of customer satisfaction specific to Islamic financial institutions, combining conventional customer satisfaction theories with Islamic ethical principles. By doing so, this study contributes to both academic and practical discourses in Islamic finance and service quality management. The relevance of this research is underscored by the increasing demand for ethically grounded financial services and the need for IFIs to remain competitive while upholding *sharī'ah* values (Haniffa & Hudaib, 2007).

Literature Review

The concept of customer satisfaction has been widely examined in the field of marketing and service management, with multiple models seeking to understand the underlying mechanisms of customer behavior. Satisfaction is typically defined as the consumer's fulfillment response, emerging from the comparison between expected and perceived service (Oliver, 1997). Early theoretical frameworks such as the disconfirmation paradigm and the expectancy-value theory formed the basis for later models like the SERVQUAL model by Parasuraman, Zeithaml, and Berry (1985), which evaluated service quality across dimensions such as reliability, responsiveness, assurance, empathy, and tangibles. While these models have proven effective in various sectors, they face limitations when applied in religious and culturally nuanced environments such as Islamic finance (Zeithaml et al., 1996).

Within the Islamic finance domain, customer satisfaction is intertwined with religious obligations and ethical commitments. IFIs are expected not only to deliver quality services but also to ensure strict compliance with *sharī'ah* norms. This dual expectation

gives rise to a different set of determinants influencing satisfaction. Scholars such as Wilson (2009) and Dusuki (2008) have argued for the integration of Islamic ethical concepts such as *taqwā* (God-consciousness), *ʿadl* (justice), and *ikhhlās* (sincerity) into service quality frameworks. These elements are crucial in shaping consumer trust and loyalty in IFIs. Moreover, unlike conventional institutions, customer satisfaction in Islamic banking cannot be isolated from the religious motivations of its clients, necessitating the inclusion of *fiqh muʿāmalah* in the analysis (Iqbal & Llewellyn, 2002).

Economic and managerial scholars have further debated the applicability of mainstream theories to IFIs, often emphasizing the need for indigenous theoretical frameworks. For instance, Haniffa and Hudaib (2007) propose an ethical identity index to measure the religious integrity of Islamic banks, which significantly correlates with customer trust and perceived satisfaction. Despite this, the literature still lacks a unified approach to evaluating customer satisfaction that incorporates both managerial metrics and Islamic jurisprudential principles. Thus, a holistic theoretical construct is required to address these divergent yet overlapping domains.

Theoretical Framework

1. Expectancy-Disconfirmation Theory (EDT)

The expectancy-disconfirmation theory posits that customer satisfaction results from the comparison between expected and actual performance of a service (Oliver, 1997). When performance meets or exceeds expectations, positive disconfirmation occurs, leading to satisfaction; otherwise, negative disconfirmation results in dissatisfaction. This model has been instrumental in understanding post-purchase evaluations in service industries. In the context of Islamic financial institutions, this theory must be adapted to account for expectations rooted not only in service delivery but also in *shariʿah* compliance. Religious expectations form a non-negotiable baseline for Muslim customers, meaning that even high-quality services may fail to satisfy if perceived as *ḥarām* or ethically misaligned (Wilson, 2009). Therefore, the disconfirmation theory must be reframed within a dual-expectation model—functional and ethical.

2. SERVQUAL and Service Quality Dimensions

The SERVQUAL model remains one of the most cited frameworks for evaluating service quality and its impact on satisfaction (Parasuraman et al., 1985). The model includes five dimensions: reliability, responsiveness, assurance, empathy, and tangibles. These have been empirically validated in banking, healthcare, and education. However, when applied to IFIs, additional dimensions are required to capture the ethical and spiritual components that influence client perceptions. For instance, *amanah* (trustworthiness) and *niyyah* (intention) become crucial attributes of perceived service quality in Islamic finance (Dusuki & Abdullah, 2007). Scholars have thus suggested extending SERVQUAL

into SERVQUAL-IF, incorporating religious adherence as a sixth dimension to more accurately reflect the service expectations in IFIs.

3. Islamic Ethical Theory and Customer Satisfaction

Islamic ethics, rooted in the Qur'an, *ḥadīth*, and classical jurisprudence, provide a moral foundation for transactions and institutional behavior. Concepts such as *ʿadl* (justice), *iḥsān* (excellence), and *maṣlaḥah* (public good) are not merely spiritual ideals but operational principles within IFIs (Chapra, 1992, p. 35). When embedded into service delivery, these principles influence how clients judge the sincerity, fairness, and social responsibility of the institution. For example, the avoidance of *riba* (interest) and adherence to *ḥalāl* contracts serve as markers of ethical compliance. Such alignment creates a moral satisfaction that transcends transactional value. Therefore, Islamic ethical theory is not just supplementary but foundational in understanding satisfaction within IFIs.

4. Trust and Relationship Marketing in Religious Contexts

Trust has long been identified as a determinant of customer satisfaction and loyalty in relationship marketing literature (Morgan & Hunt, 1994). In Islamic financial contexts, trust is compounded by religious legitimacy, where customers evaluate not only the financial integrity but also the *sharīʿah* authenticity of offerings. This dual trust requirement reinforces the idea that relationship quality in IFIs is grounded in both professional competence and religious fidelity (Haniffa & Hudaib, 2007). Studies have shown that customers of IFIs perceive institutions that align closely with Islamic values as more trustworthy, which in turn enhances satisfaction and long-term loyalty (Warde, 2000). Consequently, relationship marketing in Islamic finance must be approached through a lens that integrates spiritual trustworthiness with service competence.

Previous Research

The foundational study by Parasuraman, Zeithaml, and Berry (1985) introduced the SERVQUAL model to measure service quality across five key dimensions. Employing a mixed-method approach that included qualitative interviews and quantitative surveys, the researchers developed a scale that identified reliability, responsiveness, and assurance as primary determinants of customer satisfaction in service-based industries. Although SERVQUAL has become a widely accepted benchmark, it lacks any provisions for moral or religious considerations. This shortcoming limits its applicability in Islamic finance contexts, where *sharīʿah* compliance is as crucial as service excellence.

Oliver (1997), in his comprehensive work, developed the expectancy-disconfirmation paradigm to explain customer satisfaction, emphasizing the discrepancy between pre-consumption expectations and actual experiences. Drawing on behavioral psychology and consumer research, the model gained widespread acceptance. However, it assumes a secular framework of expectations and fails to integrate value-based or

religious motives, thereby reducing its explanatory power in faith-driven markets such as Islamic banking.

Chapra (1992) focused on the moral underpinnings of Islamic economics, proposing that justice (‘adl) and public welfare (maṣlaḥah) must be embedded in financial transactions. Using a conceptual methodology grounded in classical Islamic texts, he formulated an ethical economic model that legitimizes non-material values in economic activity. His work has significantly influenced Islamic banking ethics and serves as a foundation for this study’s approach to customer satisfaction, where perceived justice and moral intention play central roles.

Warde (2000) conducted a socio-political analysis of Islamic finance, examining how trust and identity influence client attitudes toward Islamic financial institutions (IFIs). Through case studies and interviews conducted in various countries, he found that customer satisfaction is strongly tied to perceptions of authentic sharī‘ah compliance. His research underscores the multidimensional nature of satisfaction in Islamic finance, which includes faith, identity, and service performance, offering empirical support for the integration of religious dimensions into satisfaction models.

Dusuki and Abdullah (2007) explored the ethical dimensions of Islamic banking by assessing customer perceptions in Malaysia. Utilizing a survey-based methodology, they measured satisfaction in relation to ethical constructs such as iḥsān (excellence) and niyyah (intent). Their findings revealed that these moral values significantly influenced customer trust and satisfaction, even independently of tangible service performance. This study reinforces the argument for integrating Islamic ethical principles into customer satisfaction frameworks and supports the development of a dual-layered theoretical model.

Haniffa and Hudaib (2007) contributed to this discourse by introducing an ethical identity index for Islamic banks, combining content analysis with stakeholder theory. Their findings demonstrated that higher levels of ethical disclosure were associated with greater customer satisfaction and institutional trust. Unlike earlier models, their index offers a practical tool to quantify ethical alignment, making it a vital instrument for expanding satisfaction research within Islamic financial services.

Despite growing academic interest in service quality and customer satisfaction in Islamic finance, a unified framework integrating conventional satisfaction theories with Islamic ethical principles remains underdeveloped. Most studies have either focused on adapting existing models or measuring compliance, without constructing a comprehensive theoretical synthesis. This paper fills that gap by combining mainstream satisfaction theories with Islamic jurisprudential principles to offer a dual-expectation model that better captures the unique factors influencing satisfaction in IFIs.

Research Methods

This study employs a conceptual and qualitative research methodology, focusing on theoretical exploration rather than empirical validation. The type of data utilized is secondary, derived from a broad review of scholarly works in the domains of Islamic finance, service marketing, and customer satisfaction. This includes both normative Islamic sources and contemporary service quality literature. The conceptual approach is suitable given the study's aim to integrate Western customer satisfaction theories with Islamic ethical frameworks (Zikmund, 2000).

Data sources include international academic books, peer-reviewed journals, and Islamic jurisprudential texts published up to 2010. Texts such as Chapra (1992) and Warde (2000) provide foundational insights into Islamic financial ethics and client behavior. These are complemented by established service marketing sources, such as Oliver (1997) and Parasuraman et al. (1985). By using diverse, credible texts, the study ensures a comprehensive representation of both Islamic and conventional thought traditions relevant to customer satisfaction.

Collection techniques involved systematic literature review, concept synthesis, and textual analysis. Literature was selected based on relevance, academic credibility, and contribution to the conceptual development of satisfaction in financial institutions. Emphasis was placed on identifying key themes and theoretical constructs, including *sharī'ah* compliance, ethical performance, and psychological satisfaction. The method ensured that both Western and Islamic paradigms were appropriately represented and critically analyzed (Creswell, 1998).

Analytical methods used include thematic analysis and conceptual mapping. Thematic analysis allowed the identification of recurring constructs and values influencing customer satisfaction in Islamic financial institutions, such as *'adl*, *ihsān*, and trust. Conceptual mapping helped to organize these constructs within a dual-layered framework, distinguishing between material service quality and immaterial ethical compliance. These analytical tools facilitated a structured theoretical synthesis that is both descriptive and normative.

Conclusions were drawn through critical synthesis and deductive reasoning, comparing conventional satisfaction theories with Islamic ethical mandates to identify areas of convergence and divergence. The process involved iterative reflection, comparing insights across literature strands to propose a unified conceptual model. The conclusions highlight the limitations of conventional models when applied to Islamic contexts and emphasize the necessity for ethical dimensions that align with *sharī'ah* objectives. Thus, the study offers a novel theoretical lens for future empirical testing in the field of Islamic finance.

Results and Discussion

The findings of this conceptual analysis reveal that customer satisfaction in Islamic financial institutions (IFIs) is influenced by a dual structure of expectations:

conventional service quality and compliance with Islamic ethical principles. Traditional models, such as SERVQUAL and expectancy-disconfirmation theory, offer valuable insights into tangible aspects of service delivery, including reliability, responsiveness, and assurance (Parasuraman et al., 1985; Oliver, 1997). However, when applied to IFIs, these models lack the nuance needed to account for moral and spiritual expectations. The inclusion of Islamic values—such as *‘adl* (justice), *ikhhlāṣ* (sincerity), and *taqwā* (God-consciousness)—extends these theories into a multidimensional framework. This expanded model reflects both material performance and *sharī‘ah*-based ethical obligations, thereby aligning institutional behavior with the faith-based expectations of Muslim consumers (Chapra, 1992; Dusuki & Abdullah, 2007).

Moreover, this study contributes to filling the identified research gap by presenting a synthesized framework that merges Western service quality constructs with Islamic moral imperatives. The inclusion of religious legitimacy, as highlighted by Haniffa and Hudaib (2007), significantly enhances perceived trust and satisfaction. This dual-focus model proposes that customer satisfaction is not merely an evaluation of service efficiency but also a moral endorsement of the institution’s religious credibility. In doing so, it adds to the discourse by emphasizing that ethical alignment can serve as a competitive differentiator for IFIs. The framework also engages with expert perspectives from both Islamic jurisprudence and service marketing, suggesting a more context-sensitive approach to satisfaction measurement. Ultimately, this positions customer satisfaction in IFIs not only as a transactional outcome but as an ethically significant, trust-based relational experience.

Thematic Discussion for Research Question 1: "How is customer satisfaction conceptualized in Islamic financial institutions?"

The Meaning of Satisfaction in Islamic Finance

In Islamic financial institutions (IFIs), the concept of customer satisfaction is not confined to operational efficiency or functional service delivery. Rather, it encompasses a holistic experience that includes religious, ethical, and spiritual dimensions. Conventional theories such as Oliver’s (1997) expectancy-disconfirmation model define satisfaction primarily as the consumer’s post-consumption evaluation of how well the actual performance of a product or service meets their expectations. While useful in secular contexts, this approach is insufficient for understanding satisfaction among Muslim clients, whose expectations are often shaped by faith-based considerations. In IFIs, customers expect services not only to be efficient but also to conform strictly to *sharī‘ah* principles.

This broader interpretation necessitates the incorporation of Islamic values such as *‘adl* (justice), *ikhhlāṣ* (sincerity), and *amanah* (trustworthiness) into the evaluation framework. Chapra (1992) emphasizes that Islamic economics is not value-neutral; rather, it is rooted in ethical imperatives that demand fairness and moral accountability

in all transactions. Therefore, customer satisfaction in IFIs is also an affirmation of the institution's moral integrity. For clients, knowing that a financial product adheres to religious requirements and avoids prohibited elements such as *riba* (interest) or *gharar* (excessive uncertainty) contributes to a deeper psychological and spiritual peace—dimensions entirely absent from conventional satisfaction models.

Furthermore, Wilson (2009) highlights that Muslim customers often evaluate financial institutions based on how visibly and sincerely they adhere to Islamic principles. This visibility is critical; clients require not only assurances but also demonstrable commitments to *sharī'ah* compliance through transparent practices, ethical disclosures, and the involvement of credible *sharī'ah* supervisory boards. When IFIs fail to project this alignment, customer satisfaction may decline even if the institution excels in traditional performance metrics. Hence, the customer's perception of ethical congruence plays a decisive role, intertwining spiritual trust with brand loyalty.

Haniffa and Hudaib (2007) further reinforce this view by demonstrating that the ethical identity of Islamic banks significantly influences stakeholder perceptions. Their ethical identity index shows that institutions which publicly align their operations with Islamic ethical values tend to receive higher satisfaction ratings from customers. This suggests that beyond service quality, satisfaction is also a reflection of perceived sincerity and accountability in religious observance. Thus, in the context of Islamic finance, customer satisfaction must be theorized and measured through a dual-dimensional lens that balances operational service delivery with religious legitimacy and moral fulfillment.

Trust and Ethical Integrity as Satisfaction Determinants

Trust represents a pivotal element in determining customer satisfaction, particularly within Islamic financial institutions (IFIs). Unlike conventional settings, where trust may revolve around transactional integrity and service reliability, in IFIs it is deeply intertwined with religious and ethical adherence. Morgan and Hunt (1994), in their commitment-trust theory of relationship marketing, assert that trust is a cornerstone of long-term customer relationships. However, in the Islamic finance context, trust takes on an additional dimension—it becomes a reflection of the institution's fidelity to *sharī'ah* principles, such as the prohibition of *riba* (interest), adherence to risk-sharing models, and transparency in contractual dealings.

Religious legitimacy serves as a filter through which customers assess institutional credibility. Customers not only seek professional competence in service delivery but also scrutinize whether an institution's products, operations, and governance structures are fully aligned with Islamic jurisprudence. This evaluation involves examining the qualifications and authority of the *sharī'ah* supervisory board, the clarity of fatwā documents, and the transparency of product structures like *murābahah*, *musharakah*, and *ijarah*. Haniffa and Hudaib (2007) confirm that trust in *sharī'ah* compliance is a strong predictor of customer satisfaction, illustrating that perceived religiosity enhances confidence in financial offerings and institutional integrity.

Importantly, this form of trust is not static—it is continuously shaped by the institution's ethical performance and responsiveness to *sharī'ah* standards. Ethical lapses, even in minor areas, can severely erode trust among devout clients, especially when they perceive inconsistencies between the bank's Islamic branding and its actual operations. Chapra (1992, p. 35) emphasizes that trust in Islamic economics must be earned through justice (*'adl*) and social responsibility (*maṣlaḥah*). Therefore, IFIs are expected not only to comply with legalistic interpretations of Islamic law but also to uphold the spirit of fairness, equity, and social welfare in every financial interaction.

As a result, building trust in IFIs requires a dual commitment: institutional competence and ethical congruence. Transparent communication, ethical disclosures, and active engagement with *sharī'ah* scholars help reinforce customer perceptions of institutional sincerity. Moreover, empirical studies suggest that IFIs that consistently demonstrate their adherence to Islamic values—not just in their products but also in their governance and stakeholder relationships—are more likely to foster trust and, in turn, achieve higher levels of customer satisfaction (Wilson, 2009). This dual-layered trust model highlights the unique expectations of Muslim consumers, who view satisfaction not only as a transactional outcome but as a reflection of religious integrity and institutional moral standing.

Islamic Principles as Evaluation Criteria

Customer satisfaction in Islamic finance is deeply anchored in the alignment between institutional conduct and Islamic ethical values. Beyond measurable service outcomes, Muslim clients assess whether the behavior of Islamic financial institutions (IFIs) reflects principles such as *iḥsān* (excellence in conduct), *ikhhlās* (sincerity of intention), and *maṣlaḥah* (public benefit). These values, embedded in the objectives of the *maqāṣid al-sharī'ah*, serve not only as abstract ideals but as practical standards by which clients judge the moral and spiritual quality of financial services (Chapra, 1992, p. 35). The extent to which an institution embodies these values directly influences customer perception, loyalty, and emotional connection with the institution.

In practical terms, this means that a financial service may be technically efficient and procedurally correct but still fail to meet client expectations if it violates the spirit of ethical transparency or fairness. For example, a *murābaḥah* contract that appears to mimic interest-based lending or conceals cost components may cause unease among informed clients, despite formal *sharī'ah* approval. Such concerns arise when customers perceive a gap between the external *sharī'ah* structure and the internal intention or ethical substance of the transaction. This reinforces that religious values are not peripheral to customer satisfaction in IFIs—they are central evaluative criteria that distinguish Islamic finance from its conventional counterparts (Haniffa & Hudaib, 2007).

Moreover, the integration of values such as *maṣlaḥah* transforms satisfaction into a socially embedded experience. Clients often expect IFIs not only to serve individual interests but also to contribute meaningfully to community welfare, poverty alleviation,

and equitable wealth distribution. This broader expectation ties into the Islamic notion that financial dealings must yield societal benefit, not just individual profit. Dusuki and Abdullah (2007) emphasize that clients of IFIs perceive social responsibility—such as ethical investment, environmental concern, or charitable engagement—as core dimensions of their satisfaction. When financial institutions support these higher objectives, clients report increased moral satisfaction, even if financial returns are modest.

These dynamics illustrate a fundamental divergence from conventional financial logic, which typically prioritizes efficiency, profitability, and utility maximization. In contrast, Islamic finance operates within a value-oriented paradigm where satisfaction is influenced as much by ethical resonance as by service execution. As Wilson (2009) observes, the client's emotional and spiritual experience of financial services is often informed by the perceived sincerity of the institution's religious commitment. Consequently, Islamic values do not function as external add-ons to satisfaction frameworks but are deeply internalized metrics that shape how clients interpret and evaluate their entire relationship with the institution.

Religious Motivation and Psychological Fulfillment

Customer satisfaction within Islamic financial institutions (IFIs) is not merely a function of service quality or financial return but is deeply influenced by the psychological and spiritual motivations of clients. In contrast to conventional banking models, where satisfaction is closely associated with rational assessments of efficiency, speed, or profitability, clients of IFIs often seek a sense of inner peace and spiritual congruence in their financial dealings. Warde (2000) highlights that many Muslims engage with IFIs not only for economic reasons but also to avoid spiritual dissonance associated with prohibited elements such as *riba* and *gharar*. Satisfaction, therefore, includes a psychological relief that comes from knowing one's financial practices are in line with Islamic values.

This psychological dimension is closely tied to the principle of *taqwā* (God-consciousness), which influences not only personal worship but also economic behavior. Clients who prioritize *ḥalāl* earnings often experience emotional contentment and reduced anxiety when dealing with IFIs, perceiving their actions as morally upright and spiritually accountable. This satisfaction is intrinsic in nature—it is not necessarily dependent on external validation or material gain but emerges from a perceived alignment between faith and finance (Chapra, 1992, p. 35). This alignment offers clients a deeper form of reassurance, especially in modern economies where financial transactions are often viewed as ethically neutral or even morally ambiguous.

Furthermore, this intrinsic satisfaction cannot be effectively captured by standard customer satisfaction metrics used in secular contexts. Traditional tools such as SERVQUAL or the disconfirmation paradigm (Oliver, 1997) fail to account for spiritual fulfillment, which, while intangible, plays a significant role in customer loyalty and emotional attachment to the institution. For Muslim clients, choosing an IFI may be

perceived as an act of religious devotion—akin to fulfilling a spiritual duty. As such, satisfaction becomes a holistic construct that blends emotional, ethical, and spiritual contentment with financial performance.

This deeper layer of satisfaction has strategic implications for IFIs. Institutions that authentically reflect Islamic ethical standards and clearly communicate their religious commitments are more likely to foster emotional bonds with their clients. Haniffa and Hudaib (2007) demonstrate that perceived sincerity in religious adherence significantly affects customer trust and satisfaction. Therefore, marketing strategies in Islamic finance must go beyond promoting services or rates—they must also engage with clients' spiritual aspirations. By appealing to these psychological dimensions, IFIs not only fulfill their religious mandate but also create resilient and value-aligned customer relationships that extend beyond mere utility.

Limitations of Existing Theories in Islamic Contexts

Many widely accepted theories of service satisfaction have been developed in secular environments and, as such, often overlook religious, moral, and spiritual constructs that are critical in faith-based institutions. The SERVQUAL model by Parasuraman, Zeithaml, and Berry (1985), for instance, has been widely used to assess service quality across industries through five key dimensions: reliability, responsiveness, assurance, empathy, and tangibles. While the model offers a systematic approach to measuring service delivery, it does not consider the customer's ethical worldview or spiritual motivations. This makes it difficult to fully capture the nature of satisfaction experienced by clients in Islamic financial institutions (IFIs), where religious values fundamentally shape the consumption process.

Similarly, Oliver's (1997) expectancy-disconfirmation theory, which posits that satisfaction arises when performance meets or exceeds expectations, assumes a utilitarian and individualistic framework. In Islamic finance, expectations are not merely economic or performance-based; they are grounded in religious obligations and spiritual accountability. When clients engage with IFIs, their expectations are deeply intertwined with *sharī'ah* compliance, fairness, and ethical behavior—constructs that are absent in traditional satisfaction models. Thus, applying these models without modification risks omitting key psychological and moral drivers of satisfaction that are essential for Muslim clients.

The failure to integrate religious constructs into service quality frameworks can lead to significant analytical misinterpretations. For example, a customer may rate a financial service highly in terms of speed or convenience, yet still feel deeply dissatisfied if the transaction is perceived as *sharī'ah*-noncompliant. Haniffa and Hudaib (2007) emphasize that ethical identity and transparency in religious adherence are not just complementary but central to customer perceptions in Islamic finance. Ignoring these dimensions may result in misleading conclusions about customer loyalty, service success, and institutional trustworthiness within IFIs.

To address this gap, there is a pressing need to develop or adapt existing models by incorporating Islamic ethical theory and jurisprudential insights. Chapra (1992) argues that Islamic economics demands that both processes and outcomes be morally grounded, emphasizing justice (*‘adl*), sincerity (*ikhhlās*), and public welfare (*maṣlahah*). Incorporating these concepts into satisfaction models would allow for a more holistic and accurate understanding of customer experiences in IFIs. Without such adaptation, institutions risk relying on instruments that measure surface-level satisfaction, missing the deeper ethical and spiritual criteria that truly define client loyalty and trust in Islamic financial contexts.

Towards a Dual-Dimensional Framework

Given the shortcomings of conventional service satisfaction models in capturing the ethical and spiritual dimensions unique to Islamic finance, a dual-dimensional framework becomes not only beneficial but essential. This framework proposes the integration of two distinct yet complementary sets of expectations: technical service quality and Islamic ethical adherence. On one hand, customers of Islamic financial institutions (IFIs) seek efficiency, accuracy, responsiveness, and assurance—criteria well-established in mainstream models such as SERVQUAL (Parasuraman et al., 1985). On the other hand, they equally require confirmation that the institution upholds *sharī‘ah* principles and operates within the ethical bounds of Islamic teachings. Bridging these dimensions offers a more holistic and accurate model of customer satisfaction.

The technical dimension of the framework captures service performance indicators commonly used in banking: timeliness of transactions, clarity of communication, problem resolution efficiency, and staff professionalism. These factors, while necessary, are insufficient for IFIs operating in value-based markets. The spiritual-ethical dimension must include trustworthiness (*amanah*), justice (*‘adl*), sincerity (*ikhhlās*), and alignment with *maṣlahah* (public interest). Chapra (1992) emphasizes that in Islamic economics, both the ends and the means must be morally justified. Therefore, this framework recognizes that a truly satisfied IFI customer is one who experiences both service effectiveness and spiritual reassurance in the transaction process.

The theoretical justification for this duality is reinforced by Dusuki and Abdullah (2007), who argue that Islamic finance must satisfy both market expectations and moral obligations. Their empirical work demonstrates that clients assess not only the product’s performance but also the institution’s moral character and social contribution. For example, two banks offering the same *murābahah* structure may receive different satisfaction ratings based on how transparently they disclose pricing and whether their surplus profits are shared or reinvested for community welfare. Thus, even identical service structures may yield different satisfaction outcomes depending on ethical execution and perception.

In practical application, this dual-dimensional model enables IFIs to design strategies that are both competitive and compliant. Institutions that deliver excellent customer

service but fail to uphold *sharī'ah* principles will not retain religiously motivated customers. Likewise, banks that emphasize compliance but neglect responsiveness or reliability risk falling short of professional expectations. The dual model aligns well with Oliver's (1997) notion of expectancy-disconfirmation, provided that both technical and ethical expectations are formally recognized within the framework. In this way, Islamic financial institutions can ensure that customer satisfaction is assessed and achieved in a manner that honors both functional performance and religious integrity.

In conclusion, customer satisfaction in Islamic financial institutions is a complex interplay of service quality, religious conformity, and ethical trust. It cannot be adequately explained by conventional theories alone but must be understood through a framework that appreciates the unique expectations of Muslim consumers. This first research question thus reveals the need for a redefined, holistic model that places *sharī'ah* adherence at the center of customer satisfaction theory in Islamic finance.

Thematic Discussion for Research Question 2: "What theoretical models are applicable or adaptable to Islamic finance settings?"

Adaptation of SERVQUAL to Islamic Financial Contexts

The SERVQUAL model by Parasuraman et al. (1985) remains a foundational framework in the study of service quality and customer satisfaction. Built around five core dimensions—reliability, responsiveness, assurance, empathy, and tangibles—it has proven effective across a wide range of service industries. These dimensions capture both the functional and emotional aspects of customer experience, providing a structured approach for institutions to assess performance gaps. However, despite its robustness, SERVQUAL was originally designed within secular and commercial contexts, and as such, does not inherently account for the ethical, religious, or spiritual concerns that significantly influence customer evaluations in Islamic financial institutions (IFIs).

In the context of IFIs, the conventional SERVQUAL dimensions must be expanded to incorporate distinctly Islamic considerations. Customers of IFIs are not merely evaluating the quality of service interactions—they are simultaneously judging the institution's compliance with *sharī'ah*, as well as its ethical consistency. Dusuki and Abdullah (2007) argue that dimensions such as *amanah* (trustworthiness) and transparency in *sharī'ah* processes should be integrated as core components of any service quality framework in Islamic finance. This led to the proposal of an adapted model often referred to in literature as SERVQUAL-IF, which supplements the original five dimensions with religious legitimacy and moral congruence.

Such adaptation is not merely cosmetic but foundational to capturing the dual expectations of Muslim clients. For example, while assurance in conventional terms refers to the knowledge and courtesy of staff, in the Islamic finance context it also

entails the institution's ability to clearly communicate the religious validity of its products. Likewise, empathy must extend beyond personalized attention to include a sincere understanding of the client's spiritual and ethical concerns. Haniffa and Hudaib (2007) emphasize that the ethical identity of an IFI significantly affects customer perceptions, suggesting that a failure to demonstrate religious authenticity may undermine the institution's service image, regardless of technical excellence.

Incorporating Islamic values into SERVQUAL does more than increase its cultural sensitivity—it aligns the model with the broader objectives of *maqāṣid al-sharī'ah*, particularly justice (*'adl*), welfare (*maṣlaḥah*), and sincerity (*ikhlaṣ*). Chapra (1992) points out that Islamic finance is intended not only to serve economic interests but to fulfill ethical mandates rooted in divine accountability. Therefore, SERVQUAL-IF becomes not just a service evaluation tool, but a framework for measuring the extent to which an institution upholds its religious mission. This approach enables IFIs to bridge the gap between operational efficiency and moral obligation, thereby offering a comprehensive and spiritually attuned model of customer satisfaction.

Expectancy-Disconfirmation Theory in Faith-Based Institutions

Oliver's (1997) expectancy-disconfirmation theory is one of the most influential models in consumer behavior, positing that customer satisfaction results from the comparison between pre-consumption expectations and actual performance outcomes. When perceived performance exceeds expectations, positive disconfirmation leads to satisfaction; conversely, performance falling short of expectations leads to dissatisfaction. This model has been widely adopted across service sectors due to its flexibility and predictive capability. However, its foundational assumptions are based on secular and utilitarian conceptions of value, primarily focusing on factors such as speed, efficiency, and tangible benefits. These assumptions do not translate seamlessly into Islamic financial contexts, where customer expectations are shaped by deeper religious and ethical convictions.

In Islamic financial institutions (IFIs), clients' expectations are infused with value-laden dimensions, including *ḥalāl* compliance, ethical transparency, and adherence to principles of *'adl* (justice) and *maṣlaḥah* (public welfare). These expectations go beyond functional outcomes and encompass normative beliefs about what is morally and spiritually acceptable. Therefore, disconfirmation in this context may not stem from delays or technical inefficiencies alone, but from perceived violations of Islamic ethical standards—such as the use of ambiguous contract terms or superficial *sharī'ah* certifications. Chapra (1992, p. 35) notes that Islamic economics necessitates a moral orientation in both process and outcome, which must be reflected in how customers appraise satisfaction.

To address these unique expectations, a modified expectancy-disconfirmation framework is required—one that incorporates spiritual and ethical variables alongside traditional service metrics. Such a model would include constructs like perceived *ḥalāl* legitimacy of financial products, clarity and fairness in contract structures, transparency

in profit distribution mechanisms, and the perceived sincerity of the institution's commitment to Islamic principles. Haniffa and Hudaib (2007) argue that religious authenticity and ethical disclosure are integral to shaping client trust, which, in turn, affects satisfaction. When clients sense that an institution is engaged in *sharī'ah*-compliant practices not merely for branding purposes but as a sincere expression of its mission, satisfaction is enhanced—even in cases where technical performance is not superior.

This reconfiguration of expectancy-disconfirmation theory also finds support in the sociological perspectives offered by Wilson (2009), who emphasizes that Muslim customers perceive their financial choices as extensions of their religious identity. Satisfaction, therefore, is not merely a psychological reaction to a service experience, but a moral affirmation of the alignment between faith and finance. A spiritually grounded disconfirmation framework can better predict customer loyalty and advocacy in IFIs, as it resonates with the client's holistic worldview. Incorporating these dimensions would not only improve theoretical accuracy but also equip IFIs with more appropriate tools for understanding and improving customer satisfaction in line with Islamic values..

Trust and Relationship Marketing as Theoretical Anchors

Relationship marketing, as conceptualized by Morgan and Hunt (1994), underscores the importance of trust and commitment in establishing and maintaining enduring relationships between service providers and clients. This theoretical approach moves beyond transactional exchanges and focuses on fostering emotional bonds, loyalty, and mutual understanding over time. It is especially pertinent in service sectors where ongoing interaction and personalized engagement are central to customer retention. However, when applied to Islamic financial institutions (IFIs), this model requires contextual reinterpretation. In IFIs, relationship quality is not solely based on performance efficiency or responsiveness; it also hinges on the institution's perceived alignment with religious obligations and moral authenticity.

Trust in IFIs operates on two inseparable levels: the institution's technical competence in delivering services and its religious integrity in upholding *sharī'ah* principles. Muslim clients seek assurance that their financial transactions are not only effective but also ethically permissible and spiritually rewarding. This dual trust dynamic demands that relationship marketing be anchored not just in professional service standards, but also in demonstrable ethical behavior. The incorporation of Islamic values such as *'adl* (justice), *ihsān* (excellence in conduct), and *ikhhlāṣ* (sincerity) into relationship marketing theory provides a more comprehensive framework for understanding customer engagement in Islamic finance.

Warde (2000) offers sociological insights that reinforce the importance of religious fidelity in shaping client satisfaction and loyalty. He notes that many Muslim customers interpret their interaction with IFIs as part of a broader religious identity, and their choice of financial provider reflects not only economic rationality but also spiritual

alignment. Satisfaction, in this view, is derived not just from the outcomes of service delivery but from the institution's visible and consistent commitment to Islamic ethics. Thus, relationship marketing in IFIs must be repositioned to encompass both transactional (functional) and transcendental (spiritual) elements of customer experience.

By integrating Islamic ethical constructs into relationship marketing, IFIs can build emotionally resilient and value-driven customer relationships. This means communicating not only service excellence but also religious integrity through transparent practices, ethical disclosures, and active *sharī'ah* supervision. Institutions that succeed in demonstrating sincerity (*ikhhlās*) and social responsibility (*maṣlahah*) are more likely to develop customer loyalty that is not easily swayed by price or convenience. Ultimately, such a redefined relationship marketing framework respects the multidimensional expectations of Muslim clients and provides a strategic path for IFIs to foster enduring, trust-based customer engagement grounded in both professionalism and faith..

Ethical Identity Theory in Islamic Banking

Haniffa and Hudaib (2007) introduced the concept of *ethical identity* as an innovative framework to assess the extent to which Islamic banks authentically reflect the Islamic values they claim to uphold. Their Ethical Identity Index (EII) evaluates public disclosures related to *sharī'ah* compliance, community involvement, and ethical governance through content analysis of annual reports. This approach offers a significant departure from traditional service quality metrics by placing moral and religious integrity at the forefront of institutional assessment. It allows stakeholders to measure the congruence between an institution's stated Islamic mission and its actual behavior, thereby opening new dimensions in understanding institutional credibility in Islamic financial institutions (IFIs).

The relevance of *ethical identity* to customer satisfaction lies in its emphasis on perceived religiosity and sincerity. Unlike conventional satisfaction models, which often focus on operational performance and customer interaction, ethical identity theory recognizes that devout Muslim clients evaluate satisfaction based on the institution's visible commitment to Islamic ethics. Clients do not merely seek technically *sharī'ah*-compliant products; they also scrutinize the ethical motivations and transparency behind those products. A misalignment between branding and behavior can undermine trust and satisfaction, regardless of how efficient or reliable the service appears externally. This makes *ethical identity* a critical hidden driver of customer satisfaction within IFIs.

Furthermore, the theory addresses the issue of symbolic religiosity, where Islamic financial institutions may adopt Islamic names, Arabic terminology, or visual identifiers to appeal to Muslim customers while lacking substantive ethical commitment. In this context, *ethical identity* is not just a branding metric; it is an evaluative tool that examines whether the institution genuinely embodies principles such as *'adl* (justice),

ikhlaṣ (sincerity), and *maṣlaḥah* (public good). This aligns with Chapra's (1992) argument that Islamic economics is not solely about eliminating *riba*, but about promoting a comprehensive ethical order grounded in spiritual accountability and social welfare. Ethical identity thus becomes a litmus test for authentic Islamic governance and customer alignment.

The implications of *ethical identity* extend beyond compliance into relational strategy. Institutions that proactively disclose their *sharī'ah* decisions, community contributions, and ethical policies are more likely to build deep emotional and spiritual bonds with customers. In an environment where *sharī'ah*-washing and superficial Islamic branding are increasingly scrutinized, a strong and credible ethical identity functions as a foundation for lasting customer trust and satisfaction. This framework offers IFIs a valuable perspective for designing satisfaction strategies that are not only operationally sound but also religiously and ethically resonant with their target clientele.

Behavioral Economics and Intrinsic Motivation

While not directly part of customer satisfaction theory, insights from behavioral economics are increasingly relevant in faith-based financial services. Behavioral economics recognizes that consumers are not purely rational but are influenced by psychological, moral, and social considerations. In Islamic finance, intrinsic motivation—such as a desire to avoid *riba* or support socially beneficial investments—plays a critical role in satisfaction (Iqbal & Llewellyn, 2002). This aligns with the Islamic concept of *niyyah* (intention), suggesting that satisfaction arises from alignment between internal values and external financial behavior.

Limitations of Direct Model Transfer

Although Western customer satisfaction models such as SERVQUAL and expectancy-disconfirmation have proven effective in secular service environments, their theoretical foundations are primarily rooted in rationalist and materialist paradigms. These models emphasize performance-related attributes such as speed, reliability, and efficiency—factors that align well with consumer expectations in conventional markets. However, in Islamic financial institutions (IFIs), customer expectations are shaped by a different worldview, one that integrates spiritual beliefs and ethical commitments. As a result, these Western models often fail to address the full range of satisfaction determinants relevant to faith-based consumers. Their focus on tangible service outputs leaves a critical gap in capturing the religious and moral imperatives that guide decision-making in Islamic finance.

One of the core limitations of these models is their neglect of non-material constructs such as *taqwā* (God-consciousness), *ikhlaṣ* (sincerity), and *ʿadl* (justice), which are essential to the Islamic conception of economic behavior. Wilson (2009) notes that satisfaction in IFIs is not simply an outcome of functional efficiency but also a reflection of institutional alignment with *sharī'ah* principles. Customers often prioritize spiritual trust—believing that the institution operates within divine guidelines—over mere

transactional convenience. Western models, lacking these constructs, risk misinterpreting the root causes of satisfaction or dissatisfaction in IFIs. For instance, a service may be efficient but still fail to meet customer expectations if it is perceived as *sharī'ah*-ambiguous or ethically questionable.

This misalignment between model assumptions and religious realities can lead to analytical errors in both academic research and managerial practice. For researchers, it may result in flawed survey instruments or invalid conclusions about what drives loyalty in Islamic banking. For practitioners, it could mean relying on customer satisfaction metrics that overlook key emotional and spiritual triggers, leading to ineffective strategies for customer retention. Haniffa and Hudaib (2007) emphasize the significance of ethical identity in shaping stakeholder perceptions, pointing to the need for satisfaction models that integrate both observable service indicators and deeper ethical signals. Without such integration, assessments of satisfaction in IFIs remain incomplete and potentially misleading.

Therefore, the effective application of Western customer satisfaction models in Islamic financial contexts requires deliberate and substantial theoretical augmentation. These models must be adapted to reflect the dual-dimensional nature of satisfaction in IFIs—one that accounts for both functional performance and spiritual fulfillment. Incorporating Islamic principles such as *maṣlaḥah* (public good), *amanah* (trustworthiness), and *niyyah* (intention) can bridge the gap between secular theory and Islamic practice. This process does not entail rejecting Western models outright, but rather reconfiguring them to respect the ontological and ethical frameworks that underpin Islamic finance. Only then can satisfaction be understood and measured in a way that resonates with the lived realities and values of Muslim consumers.

This discussion affirms that while models like SERVQUAL, expectancy-disconfirmation theory, and relationship marketing are applicable to Islamic finance, they require deliberate adaptation. The inclusion of ethical identity theory and behavioral economics further enhances the conceptual repertoire for understanding customer satisfaction in IFIs. Ultimately, a hybrid framework—melding conventional models with Islamic ethical and jurisprudential elements—offers the most comprehensive analytical lens for this unique institutional context.

Thematic Discussion for Research Question 3: "What factors influence customer satisfaction from an Islamic perspective?"

Sharī'ah Compliance as the Foundational Driver

At the heart of customer satisfaction in Islamic financial institutions (IFIs) is the principle of *sharī'ah* compliance—a non-negotiable criterion for devout Muslim clients. Unlike conventional customers who may prioritize convenience, interest rates, or technological innovation, IFI customers begin their evaluation from a foundational

requirement: that all products and services conform to Islamic legal and ethical standards. This includes, most notably, the absolute prohibition of *riba* (interest), the avoidance of *gharar* (excessive ambiguity), and the use of contractual forms rooted in Islamic jurisprudence, such as *murābahah*, *mushārah*, and *ijārah*. Iqbal and Mirakhor (2007) argue that for the faithful Muslim consumer, satisfaction is contingent not just on the outcome of the transaction, but on the religious legitimacy of the process through which it is achieved.

In this framework, *sharī'ah* compliance is not merely a regulatory checkbox—it is a spiritual guarantee that financial behavior aligns with divine injunctions. When this alignment is perceived as genuine and substantive, it fosters a deeper level of satisfaction rooted in the customer's religious convictions. Conversely, any doubts regarding compliance can severely undermine customer trust, regardless of how efficient or competitive the service may be. Wilson (2009) emphasizes that even high-performing institutions risk alienating their core clientele if they offer products that are perceived as ethically ambiguous or merely *sharī'ah*-compliant in form rather than in substance. In such contexts, religious imperatives supersede economic incentives.

Moreover, perceived *sharī'ah* compliance becomes a determinant of emotional and psychological security for the customer. Knowing that one's income, savings, and investments are *ḥalāl* (permissible) provides not only moral reassurance but also a sense of spiritual well-being. This sense of internal peace is a key dimension of satisfaction that is unique to Islamic finance. Unlike secular models that evaluate satisfaction through material performance alone, satisfaction in IFIs is also measured through the lens of *taqwā* (God-consciousness) and *ikhhlāṣ* (sincerity). Financial institutions that cultivate transparent *sharī'ah* governance practices—such as publishing *fatwā* decisions, providing access to *sharī'ah* scholars, and disclosing compliance audits—are more likely to earn the trust and satisfaction of their clients.

The implications for service strategy are significant. IFIs must ensure that *sharī'ah* compliance is not treated as a back-office function, but as a core value that is reflected across all levels of customer interaction. This means training staff to understand and communicate Islamic financial principles, designing products with input from reputable *sharī'ah* boards, and avoiding practices that may appear to mimic conventional finance in form but not in ethical intent. Satisfaction in this context is as much about perceived integrity as it is about operational excellence. Thus, *sharī'ah* compliance is not a passive expectation—it is an active and ongoing commitment that shapes customer experience, loyalty, and the overall success of the Islamic financial institution.

Trust and Transparency as Ethical Imperatives

Trust is one of the most critical determinants of customer satisfaction in Islamic financial institutions (IFIs), especially when rooted in perceptions of religious and ethical integrity. Unlike in conventional financial systems—where trust is often based solely on institutional stability, regulatory compliance, or brand reputation—clients of

IFIs evaluate trust through a dual lens: technical competence and moral authenticity. This unique perspective reflects the Islamic understanding of *amanah* (trustworthiness), which is not only a commercial expectation but also a profound religious duty. In Islamic teachings, *amanah* is a foundational ethical principle that governs all forms of economic interaction, requiring transparency, fairness, and accountability in every transaction.

In practice, one of the most important expressions of *amanah* in IFIs is the clarity and transparency of contract terms. Products like *murābaḥah* (cost-plus financing) and *ijārah* (leasing) can involve complex pricing mechanisms, which, if not clearly disclosed, may be perceived as deceptive or resembling *riba*-based structures. Haniffa and Hudaib (2007) emphasize that inadequate disclosure in such contracts erodes customer trust and diminishes satisfaction, even when the products are technically *sharī'ah*-compliant. Muslim clients often expect more than legalistic formality; they seek assurance that the bank is not only avoiding prohibited elements but also acting with sincerity, justice, and openness.

Transparency in *sharī'ah* governance is another critical factor that reinforces institutional trust. When Islamic banks actively disclose the decisions, fatwās, and rationales of their *sharī'ah* supervisory boards, they affirm their commitment to religious accountability. Such practices create an environment where customers feel informed and involved in the ethical framework of the institution. Conversely, when *sharī'ah* oversight is treated as opaque or purely ceremonial, it generates suspicion and weakens the relational trust between institution and client. Regular communication of compliance audits, public access to *sharī'ah* board statements, and participatory ethical reporting are increasingly seen as best practices in cultivating sustained customer satisfaction.

Ultimately, trust in Islamic finance is about more than regulatory conformity—it is about ethical conviction. Clients want to believe that their financial partner is upholding the principles of *‘adl* (justice), *ikhlaṣ* (sincerity), and *maṣlaḥah* (public benefit) in both intent and execution. When this trust is earned and maintained, it not only drives satisfaction but also encourages long-term loyalty and advocacy. IFIs that successfully operationalize *amanah*—through transparent contracts, robust *sharī'ah* governance, and consistent ethical behavior—position themselves as spiritually reliable and commercially competent institutions. This dual image is particularly powerful in faith-based markets, where customer satisfaction is fundamentally tied to perceptions of institutional righteousness and integrity.

Ethical Service Delivery and Moral Excellence

Islamic ethics place strong emphasis on *iḥsān* (excellence) and *‘adl* (justice), which are not merely moral ideals but operative principles in all forms of human interaction, including financial transactions. In the context of Islamic finance, these values demand that institutions provide services with not only technical accuracy but also ethical intention and integrity. *Iḥsān* encourages going beyond what is obligatory—

performing duties with sincerity, diligence, and care—while *‘adl* demands fairness, balance, and the avoidance of exploitation. Together, they create an ethical standard that guides the behavior of both financial providers and consumers. Clients of Islamic financial institutions (IFIs) evaluate their experiences not solely based on outcomes, but also based on whether the delivery of those outcomes reflects these principles.

From the customer’s perspective, excellence in service includes intangible elements such as honesty, courtesy, humility, and transparency. Clients seek reassurance that employees of IFIs are not only professionally competent but ethically motivated. The principle of *ikhhlāṣ* (sincerity) further amplifies this expectation; customers are more likely to be satisfied when they perceive that service is delivered with genuine concern rather than mere formality or obligation. As Dusuki and Abdullah (2007) found in their study, customer evaluations are significantly influenced by perceptions of staff integrity and moral conduct. This means that internal corporate culture and front-line staff ethics play a vital role in shaping customer satisfaction in IFIs.

The integration of social responsibility into financial operations also enhances satisfaction by signaling institutional alignment with Islamic ethical mandates. When Islamic banks contribute to community development—through charitable giving (*ṣadaqah*), interest-free loans (*qard al-ḥasan*), or equitable profit-sharing schemes—they reinforce their identity as ethical stewards rather than profit-maximizing entities. These practices resonate with customers’ expectations of *maṣlaḥah* (public benefit) and show that the institution prioritizes social justice alongside profitability. Dusuki and Abdullah (2007) observed that such visible commitments to social responsibility often elicit moral endorsement from clients, creating emotional and spiritual bonds that go beyond the transactional relationship.

Ultimately, the ethical dimension of service delivery in Islamic finance transforms the meaning of satisfaction from a narrow performance evaluation to a holistic moral judgment. Clients are not simply purchasing financial products; they are participating in an ethical system that reflects their values and beliefs. Therefore, satisfaction arises when service is experienced as ethically sound, spiritually uplifting, and socially constructive. Islamic financial institutions that consistently demonstrate *iḥsān*, *‘adl*, and *ikhhlāṣ* in their operations will not only fulfill their religious obligations but also cultivate deeper and more enduring customer satisfaction—one that transcends material benefit and rests firmly in moral credibility.

Social Responsibility and Community Engagement

The principle of *maṣlaḥah*—defined as the pursuit of public benefit and prevention of harm—is a foundational concept in Islamic jurisprudence and is central to the ethical philosophy of Islamic finance. Within the context of Islamic financial institutions (IFIs), *maṣlaḥah* guides institutions not only to serve individual financial needs but also to promote societal welfare. Chapra (1992, p. 35) argues that Islamic economics is inherently value-driven, seeking to balance material prosperity with social justice and ethical accountability. This emphasis on the communal dimension of finance

introduces a unique expectation in customer satisfaction: clients are not satisfied solely when their personal interests are met, but when they perceive that their chosen institution is actively contributing to the broader good of society.

As a result, many customers evaluate satisfaction in terms of how well IFIs promote economic justice and social responsibility. Initiatives such as *qard al-ḥasan* (benevolent loans), *zakat* distribution, microfinance for underserved populations, and financial literacy programs are viewed as direct manifestations of the institution's commitment to *maṣlaḥah*. These activities signal that the IFI is more than a financial intermediary—it is a socially conscious actor within the ummah (community). When clients see their financial provider supporting causes that alleviate poverty, empower the marginalized, or promote ethical investing, they experience a form of moral and spiritual satisfaction that goes beyond mere profit.

This alignment between institutional behavior and spiritual aspirations strengthens emotional loyalty and deepens trust. Customers often feel a sense of pride and reassurance knowing that their deposits or investments are being used for morally upright purposes. It fosters a type of relational satisfaction that is not based on short-term gains but on long-term ethical congruence. This dynamic is particularly important for devout clients who view their financial choices as extensions of their religious commitments. When institutions demonstrate tangible contributions to *maṣlaḥah*, customers are more likely to remain loyal, even in the face of more competitively priced alternatives in the conventional market.

Furthermore, the institutional pursuit of *maṣlaḥah* enhances reputational capital and serves as a form of ethical signaling to both Muslim and non-Muslim stakeholders. It distinguishes IFIs from their conventional counterparts, not just through compliance structures but through substantive community engagement. In an era where social impact and ethical finance are gaining traction globally, Islamic finance has an opportunity to lead by example. By operationalizing *maṣlaḥah* through transparent, impactful initiatives, IFIs not only fulfill their religious mandate but also build a satisfaction framework rooted in justice, empathy, and spiritual relevance. This contributes to a model of customer satisfaction that is ethically grounded, socially responsive, and religiously fulfilling.

Psychological and Spiritual Fulfillment

Customer satisfaction in Islamic finance encompasses more than just the delivery of tangible benefits such as convenience, profitability, or service speed. A critical, yet often underappreciated, component of satisfaction lies in the psychological and spiritual reassurance clients receive when engaging with financial services that align with their religious beliefs. This dimension reflects the client's need for internal coherence between their faith and their financial actions. For many observant Muslims, using conventional financial products may cause inner conflict due to their association with *riba* (interest), *gharar* (uncertainty), or other practices prohibited by Islamic law.

By contrast, Islamic financial institutions (IFIs) offer a sanctuary from such ethical dilemmas, reinforcing a sense of moral security and spiritual well-being.

Warde (2000) highlights that many clients do not choose IFIs solely for economic reasons, but to fulfill religious obligations and to avoid committing *mā'ṣiyah* (sin). This motivation transforms the nature of financial engagement from a purely transactional interaction into a form of religious practice. For these customers, satisfaction is not merely about receiving excellent service, but about achieving ethical alignment and avoiding spiritual compromise. The emotional relief and peace of mind that come with using *sharī'ah*-compliant services function as a powerful satisfaction driver that cannot be captured by conventional customer satisfaction frameworks rooted in secular assumptions.

This intrinsic dimension of satisfaction challenges mainstream service quality models, which typically overlook spiritual concerns and assume clients act based solely on rational self-interest. In IFIs, however, the decision to engage is often tied to *niyyah* (intention)—a central Islamic concept that defines the moral value of one's actions. Customers who choose Islamic finance out of sincere religious commitment derive satisfaction from knowing their financial decisions are not only lawful but also spiritually meritorious. This intrinsic form of satisfaction is deeply personal and enduring, forming a psychological anchor that reinforces long-term loyalty, even if the material benefits are not always superior to those offered by conventional alternatives.

Consequently, any satisfaction model applied in the Islamic finance context must be sensitive to these internal motivators. Ignoring the psychological and spiritual components risks misunderstanding client behavior, misjudging loyalty, and underestimating the ethical priorities of the market. IFIs that recognize and affirm this intrinsic aspect—through consistent ethical practices, sincere religious branding, and transparent *sharī'ah* governance—can better engage clients at both the rational and emotional levels. Satisfaction, in this holistic framework, is not just a reaction to service quality; it is an affirmation of moral harmony between the individual and their financial choices. This deeper dimension must be central to any valid conceptualization of satisfaction in Islamic financial services.

Influence of Sharī'ah Supervisory Boards (SSBs)

The *sharī'ah* supervisory board (SSB) plays a pivotal role in maintaining the religious credibility of Islamic financial institutions (IFIs). Acting as an independent body of scholars trained in both Islamic jurisprudence and finance, SSBs are tasked with ensuring that all financial products, contracts, and business practices adhere to Islamic law. Their oversight is not merely procedural but symbolic—representing the institution's moral and religious compass. Clients of IFIs often look to the SSB as a safeguard that protects them from engaging in *ḥarām* (forbidden) transactions, and as such, the presence and perceived integrity of an SSB are crucial to building and sustaining trust. A credible and active board becomes an emblem of legitimacy, reinforcing customer confidence in the ethical structure of the institution.

Haniffa and Hudaib (2007) emphasize that the visibility and transparency of an SSB significantly impact customer perceptions. When clients are aware of who sits on the board, how decisions are made, and whether those decisions are communicated clearly, they are more likely to believe in the sincerity of the institution's *sharī'ah* compliance. This belief enhances satisfaction, especially among clients who are deeply concerned with religious observance. By contrast, when an SSB functions in obscurity—failing to publish fatwās, explain rulings, or engage with stakeholders—customers may suspect that *sharī'ah* compliance is superficial or merely symbolic. Such doubts can erode satisfaction, even when other service aspects perform well.

Transparency in SSB operations is therefore not just a matter of governance best practices—it is an ethical imperative. Public disclosure of *sharī'ah* rulings, detailed product vetting procedures, and active communication with clients all contribute to the perception of accountability. Institutions that treat the SSB as a ceremonial feature rather than a dynamic ethical body risk alienating customers who value religious integrity. Moreover, the consistency and proactivity of an SSB's involvement—such as reviewing new product innovations or auditing ongoing operations—also influence how clients assess the institution's seriousness in adhering to Islamic principles. This perception translates directly into satisfaction ratings, as customers equate religious diligence with ethical service.

Ultimately, SSBs act as the moral custodians of Islamic finance and are indispensable to the satisfaction framework in IFIs. Their authority not only shapes institutional policies but also informs the spiritual comfort that clients seek when engaging in financial transactions. A well-functioning, transparent, and respected SSB signals to customers that the institution is guided by ethical and religious accountability. In this way, the effectiveness of *sharī'ah* governance extends beyond compliance and enters the realm of client perception, emotional reassurance, and long-term trust. When properly integrated into the institution's operations and communication strategy, the SSB becomes a cornerstone of customer satisfaction in Islamic financial services.

These discussions illustrate that customer satisfaction in Islamic finance is determined by a confluence of factors including *sharī'ah* compliance, trust, ethical behavior, social responsibility, and spiritual fulfillment. These factors reflect both material expectations and deeper religious values, requiring satisfaction models to accommodate the multidimensional nature of faith-based financial behavior. Satisfaction is not just a service outcome—it is a moral and spiritual state cultivated through consistent ethical alignment between the customer and the institution.

Core Findings and Pathways Forward

This study explored customer satisfaction within Islamic financial institutions (IFIs) by synthesizing conventional theories with Islamic ethical principles. The first research question—on conceptualizing satisfaction—revealed that Muslim clients evaluate

services through both material and spiritual lenses. Satisfaction arises not only from technical service quality but also from alignment with *sharī'ah* norms and moral virtues such as *amanah*, *'adl*, and *ihsān*. The second research question addressed the theoretical models applicable to IFIs, demonstrating that while SERVQUAL and expectancy-disconfirmation theory provide foundational insights, they require significant adaptation. Models rooted in ethical identity and behavioral economics offer critical supplements to account for faith-based motivations. The third research question identified the multidimensional factors influencing satisfaction, including religious legitimacy, trust, transparency, social responsibility, and psychological peace derived from Islamic compliance.

The novelty of this study lies in its construction of a dual-dimensional framework for customer satisfaction in Islamic finance. It offers an integrated model that recognizes both tangible service metrics and intangible ethical-spiritual expectations. Theoretically, this framework contributes to service marketing and Islamic economics by reconciling two distinct paradigms—secular satisfaction theory and religious finance ethics. Practically, the findings underscore the importance for IFIs to go beyond operational excellence and actively demonstrate *sharī'ah* adherence, ethical transparency, and community engagement. This alignment with religious values strengthens institutional trust and customer loyalty, providing a sustainable competitive advantage in faith-driven markets.

Conclusion

This study has developed a theoretical and analytical perspective on customer satisfaction in Islamic financial institutions by integrating conventional service quality models with Islamic ethical principles. It demonstrated that satisfaction in this context is shaped by a dual-expectation framework encompassing both performance-based and faith-based criteria. Central concepts such as *sharī'ah* compliance, ethical trust, and spiritual fulfillment emerged as essential dimensions that redefine traditional understandings of service evaluation in finance. The findings provide a conceptual model that better reflects the expectations of Muslim consumers who seek both financial efficacy and religious legitimacy.

In light of these insights, Islamic financial institutions are encouraged to expand their satisfaction strategies beyond standard service metrics, incorporating transparency, ethical governance, and community-oriented practices. Institutions that align their operational models with Islamic values are more likely to achieve customer loyalty and long-term sustainability. Future research should empirically validate the proposed framework, exploring how various demographic and cultural contexts influence the relationship between religious compliance and customer satisfaction.

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