

Service Quality from Customer Perception: Evidence from Carter Model on Bank Islam Brunei Darussalam (BIBD)

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Abstract

The main focus of this study is to examine the relationship between service quality and customers' perception. The study deployed modified Carter model by introducing two unique dimensions of corporate social responsibility and innovation to examine this relationship. A self-administrated questionnaire based field survey was conducted. The research instrument was designed using eight dimensions of service quality. The content of the questionnaire was adjusted for relevance and friendliness purpose through pilot testing. Data was collected from 155 Bank Islam Brunei Darussalam (BIBD) customers from Muara district of Brunei. The sample data were statistically analyzed through descriptive, Cronbachs' Alpha, Kaiser-Meyer-Olkin and Bartlett's test, Pearson correlation test and confirmatory factory analysis (CFA). Pearson test was used to represent significant relationship between service quality and customer perception and CFA test was done to suggest the fitness of proposed Carter model suitability for Brunei's Islamic banking. Results of the study revealed that service quality and customer perception are significantly related and Carter model is suitable for Islamic banking system in Brunei. Furthermore the study has practical implications for BIBD policy makers and managers to understand customer perception and adjust its service quality according to customer desire.

Keywords: service quality, customer perception, Carter, Brunei, BIBD

1. Introduction

Financial institutions in Brunei Darussalam are facing intense competition due to minimization of expenditures by government, oil and gas companies representing global consequences of lower hydrocarbon prices (IFSI report, 2017). According to Baiduri Bank annual report (2015) the limitation of opportunities has resulted in enhanced competition among the banks signifying the survival of the bank with an exceptional and innovative service quality. The retail banking operations, customers' perception and expectation has significantly reshaped due to recent developments in commercialization and service delivery system (Sweeney and Morrison, 2004; Wisniewski, 2001).

Islamic banking sector (Bank Islam Brunei Darussalam (BIBD) & Tabung Amanah Islam bank, TAIB) is the backbone of Brunei's banking industry holding 59% market share with net worth of BND 10.9 billion (AMBD, 2017). The emergence and growth of Islamic banking in Brunei has resulted in intense competition not only between Islamic banks itself but also has posed challenges for conventional banking rival. Islamic banks in Brunei have numerous growth opportunities with a Muslim population of 78.8% (DEPD Annual Report, 2016). However Islamic banking industry in Brunei is still facing multiple challenges from leading conventional bank (Baiduri Bank) as conventional banks are deep rooted and popular among public to fulfill their needs.

The study has shown sporadically that; Islamic banks have the tendency of losing focus on service quality especially in the market where it can practice its monopolistic control (Saleem, 2005). It is a perfect scenario for BIBD as it is the only fully fledged Islamic bank in Brunei. Therefore having the advantage of being a sole provider of Islamic banking products and services it enjoys the highest customer base of 200,000 (BIBD Annual Report, 2016). The religious norms are the perceived reasons for Islamic bank customers to subscribe for Islamic banking services (Hidayat and Akhmad, 2015). However latterly the Islamic banks growth and conventional banks strategic implementation to offer Islamic banking products and services has stopped these banks in practicing these policies. It is unavoidable for Islamic banks to neglect its service quality for survival in industry and to gain market share. Recent competitive business environment signifies that if Islamic banks do not provide

right products, services and satisfy customer needs, it will diminish from the industry in no time (Dusuki and Abdullah, 2007).

Islamic banking products and services are perceived unique and different compared with conventional banking products and services. However the issues connected in the delivery of products and services are of substantial concern. Since BIBD is relatively new (established in 2005) compared with its conventional banking rival (Baiduri Bank) it gives an opportunity to BIBD to learn much more from its counterpart. BIBD aimed rules are still unclear in transformation of its marketing strategy to provide better service quality. Despite of enjoying highest customer base and comparatively higher market share of 59% publically BIBD customer perception is still unclear (BIBD Annual Report, 2016).

The significance of service quality ideology has been stressed in Islamic doctrine and Islam lays exceptional focus on delivering one's task with utmost care and quality. Islamic doctrine explains "human beings actions must yield benefit and induce improvement for the fellow humans and it should improve their lives in a nutshell" (Asutay, 2010). Therefore in Islamic banking context service quality delivery is not only moral allegiance for financial perspective but also a religious obligation. The above rational emphasizes the exigency to gain service quality knowledge for Islamic banking to further concrete the phenomena along with associated concepts and issues. Thus this study focuses on the service quality knowledge and customer perception of Islamic bank customers which had been previously researched by (Faisal, Shabbir, Javed and Farooq, 2016; Ahmad, Rehman and Saif, 2010; Ali and Raza, 2015).

2. Literature Review

2.1 Service Quality

Gronross (1982) coined the term service quality and defined that it is the perceived judgment resulted after evaluation process undertaken by customer. Chiou and Shen (2012) suggested that customers compare expectations and perception of service quality after receiving the actual service quality. Furthermore service quality can be broadly categorized in functional and technical quality. Ijaz and Ali (2013) defined service quality as an ability of a product or service to meet customer expectations and enabling corporate in prolonged customer.

Berry, Parasuraman and Zeithaml (1985) defined service quality as the significant gap between customer expectation and perception of service. However definitions of service quality vary and are dependent on different models, consumer expectation and satisfaction. Therefore different measurement tools have been developed to measure service quality. Parasuraman, Zeithaml and Berry (1985:42) suggested that "service quality is a gap between customer expectations and delivered service standards". Whereas Parasuraman et al, (1985); Zeithaml and Bitner (1996) has identified that an excellent service quality comprises of five dimensions which are tangibles (appearance of physical facilities such as equipment, personnel and written material), reliability (dependability and accuracy of provided services), responsiveness (staff/personnel willingness to assist customers, provide brisk service and response), assurance (employees knowledge and expertise to ensure trust and confidence to customers) and empathy (customer oriented and compassionate attitude of service provider). The definition and concept of service quality was suggested by (Parasuraman et al, 1985) and since then it has been widely used by many researchers (Alshurideh, Al-Hawary, Mohammad, Mohammad and Al Kurdi, 2017; Lone and Rehman, 2017; Saleh, Quazi, Keating and Gaur, 2017; Faisal et al, 2016).

2.2 Customer Perception

Gronross, (1982); Parasuraman et al, (1985) have suggested that service quality perception among customers depends on the comparison between expectations (what they feel service provider should offer) and performance of services. The literature on satisfaction and service quality suggested that perception is viewed differently (Parasuraman et al, 1988). Satisfaction literature describes perceptions as 'predictions' by customers about the likely outcome during a particular transaction. Service quality literature describes perceptions and expectations as the desires or wants of consumers (what they feel a service provider 'should' offer instead of 'would' offer).

The present study assumes service quality perception as desires and needs of customers as it will allow discovering exactly what service providers should offer based on customer past experience and interaction (Douglas and Connor, 2003). Negi, (2009) suggested that, it is mandatory for organizations to understand, measure and evaluate customer's perceptions and expectations for the identification of significant gaps in service delivery to ensure customer satisfaction.

2.3 Customer Perception & Service Quality (SERVQUAL)

Services can only be experienced, therefore service creation and its consumption occurs simultaneously (Fonseca, 2009). Researchers proposed that customer service quality perception is influenced by three factors; technical

theoretical and image of service provider. Customer evaluation results from the rating based on expectations and functionality of service quality which signifies its delivery methods. Employees are important factor in the delivery of service quality as personnel experience and expertise helps customers in problem solving and matching service quality according to the expectations. Furthermore, service provider image plays a major role in shaping positive corporate image (Berry et al, 1985). Customer perspective signifies that service quality suitability depends on its ability in meeting expectations and fulfilling needs to a satisfactory extent. Service quality is perceived satisfactory if expectations are fulfilled and assumed unsatisfactory if it fails to meet customer expectations.

The theoretical view point of service quality signifies that customer expectation differ between service settings. For example; it is not wise for the debit card holders to assume enjoying the privileges of platinum credit card holders therefore fluctuations in perception of service quality might incur and have an influence based on expectation. Carman (1990), study suggested that service quality expectations should be better considered as quality indicators as it describe the overall expectation level of services. Furthermore, to minimize over expectation of service quality and satisfaction level, service providers are required to find out customer perceptions and expectations.

The customer's service quality expectation established during service delivery process plays a vital role in perception development. Organizations are able to maintain a good service quality image by avoiding promotional temptations among customers. Even though increase in customer expectations beyond the capacity of organizations results in higher sales however in the long run it affects the corporate image as customer feels disappointed when corporates do not keep its initial promises (Berry et al., 1985). The Study found that organizations can enhance service quality perception and minimize frustration among customers by explaining the underlying regulations of service quality usage (Berry et al., 1985).

2.4 Review of Past Studies

The literature presents several studies on Islamic banks service quality, customer perception, satisfaction and awareness of Islamic banking products and service. The notable studies are (Metawa and Almossawi, 1998; Naser, Jamal, and Al-Khatib, 1999; Othman and Owen, 2003; Shafie, Azmi and Haron, 2004; Tahir and Bakar, 2007; Rashid, Hassan and Ahmad, 2008; Amin & Isa, 2008; Hossain and Leo, 2009; Kumar, Kee and Manshor, 2010; Ahmed et al, 2010; Amat, Chong, Kumar and Fong, 2011; Shariff, 2012).

Saghier and Nathan, (2013) studied the relationship between customer perception and service quality dimensions. The study focused on customer perception of service quality and its dimension in Egyptian banks. The study measured customer perception towards service quality of Egyptian bank customers utilizing quantitative research instrument. The survey was conducted using self-administrated questionnaire surveying 150 customers at convenient bank locations. The questionnaire was designed adopting modified dimensions from original SERVQUAL model. The study simultaneously suggested the presence and absence of relationship between service quality dimensions and customer satisfaction. (Molae, Ansar, & Teimuor, 2013) contributed exceptionally in service quality measurement of Islamic banks using SERVQUAL and Carter model. The study analyzed impact of service quality dimensions on customer satisfaction and loyalty in the Iranian banking industry (Mellat Bank). The results of study suggested that four dimensions of service quality model (tangibility, reliability, responsiveness, compliance) have a positive impact on customer service satisfaction ultimately ensuring customer loyalty. However the results depicted that assurance and empathy dimensions do not have any positive impact on customer satisfaction which implicit that these dimensions do not contribute potentially in ensuring Iranian customer's loyalty towards Mellat bank.

The notable study on service quality of Islamic banks was conducted by (Bashir, 2013). The study analyzed customer satisfaction of Brunei Islamic banking sector. The research explained the standout rationales from customer perspective in selection of Islamic bank services. The study adopted modified SERVQUAL model for Islamic banks known as Carter model. The results suggested that service quality and product quality effects customer satisfaction and customer awareness of Islamic banking services. The study showed that Brunei's Islamic bank customers were aware of Islamic banking products and services to a certain level. Another study contributing to the knowledge of service quality measurement of Islamic banks was conducted by (Akhtar & Zaheer, 2014). The study suggested that demographic variables have different impact in the perception of service quality. Ali and Raza, (2015) measured service quality perception and customer satisfaction among Islamic bank customers in Pakistan adopting Carter model. The findings of the study suggested that all the dimensions of service quality have direct and positive relationship with customer satisfaction. Another study suggested by (Dahari, Abduh, & Fam, 2015) measured the key dimensions of service quality for Islamic banks using

Performance Analysis Approach. The findings of study suggested that Shari'ah compliance, tangibility, rates, bank reliability and customer relationship with bank were perceived as the basic dimensions of service quality. Whereas the customer expects Islamic banks to strictly follow shari'ah compliance especially on the availability of Islamic banking products, practices, operation and its management.

Another research on service quality and customer satisfaction measurement was administrated by (Faisal et al, 2016). The study utilized Carter model to measure customer satisfaction towards the service quality of Islamic banks. The study suggested positive relationship between service quality dimensions and customer satisfaction of Islamic bank. Parves (2017) focused on assessment and difference of service quality perception among demographic subgroups of Islamic and conventional bank customers in Jordan. The study proposed that the perceived service quality levels among Jordan bank customers differ based on the factors of religion, age, income and occupation. Saleh et al. (2017) administrated the comparative study of Islamic and conventional banks service quality and its relationship with bank image in Bangladesh. The findings of the study showed that customers of Islamic banks have generated exceptional bank image incorporating high service quality, satisfaction and positive service quality. However conventional bank customers' perception is solely based on its experience after service delivery process. A significant comparative study on customer satisfaction among Islamic banks and Islamic banking windows was administrated in Pakistan by (Lone & Rehman, 2017). Nonlinear classification techniques revealed that service quality perception and customer satisfaction differ among the customers of fully fledged Islamic bank and conventional banks with Islamic banking windows based on the tangibles, empathy and responsiveness.

An overall analysis of the above literature on service quality of Islamic banks suggests that there is lack of studies on customer perception and service quality of Islamic banks and especially in context of Brunei. Therefore it is contemporary to construct this study to fill research gap and add value to the existing knowledge of service quality. On the basis of existing literature and to fill the gap this study analyses perception of Islamic bank customers in Brunei establishing following hypotheses;

H1: Islamic bank customers' perception is positively related with service quality based on Carter Model.

H2: Carter model is best to suit the Islam banking system in Brunei.

3. Methodology

3.1 Sampling Design

The present study focuses on exploring relationship between service quality and customer perception of Islamic bank customers in Brunei therefore this study adopts quantitative research methodology using self-administered questionnaire. The content of questionnaire is adjusted for suitability and relevance purpose through pilot testing prior to its circulation. The instrument was drafted in English as it is widely spoken and understood in Brunei besides local Malay language. Since it was not viable for the researcher to get comprehensive list of customers due to bank policy of retaining confidentiality of customers information therefore the study adopted convenience non probability sampling. A total of 113 samples in softcopy format and 63 samples in hardcopy format were distributed and altogether 155 surveys were considered accurate as some samples were not returned and a few were incomplete.

3.2 Measurement of Variables

The questionnaire was divided in two sections, first section covered demographic information of respondents, second section comprised of 27 items of service quality. The second section of questionnaire was designed based on modified Carter model. The basic dimensions of Carter model are known as compliance, assurance, responsiveness, empathy and tangibility. The model was modified by introducing two unique dimensions of social responsibility and innovation each dimension contain one item. Social responsibility and innovation were included in the model due to significant role of these dimensions in the formation of exceptional service quality (Mahdzan, Zainudin, & Au, 2017). Each item was provided with five scale likert options ranging from 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree) to 5 (strongly agree).

Carter model is used for examining the service quality and customer perception relationship due to its dual nature (Faisal et al, 2016; Saleh et al, 2017; Parves, 2017). It is considered the most reliable and dependable instrument for the measurement of service quality and customer perception relationship of Islamic bank customers (Othman & Owen, 2001). The second important reason for deploying Carter model is that it has never been used in the past in Brunei. Considering it as a significant research gap this study contextualize Carter model for analyzing service quality of Brunei's leading Islamic bank. The 155 surveys were collected and used for data analysis utilizing convenient sampling method. The theoretical model of the study is presented in figure 1.

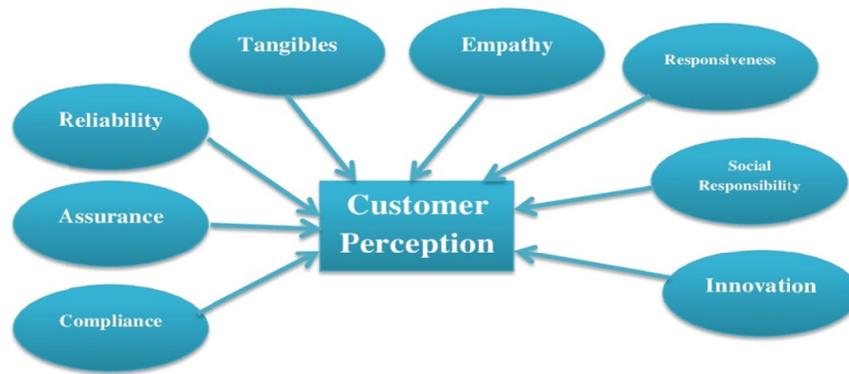


Figure 1. Service quality from customer perception (Theoretical Model)

4. Results and Discussion

Descriptive statistics are used to present the snapshot of demographic characteristics of the respondents. The analysis illustrates that male respondents are 31% and female are 69%. The results of gender analysis are satisfactory as female population in Brunei is higher than male population (DEPD Annual report, 2016). The age of most of the respondents ranges from 19 to 50. Among the respondents (20-29) 68%, (30-39) 14%, (below 19) 8%, (40-49) 7%, and (above 50) are 3% and 69% of the respondents marital status is single and 29% are married remaining 2% are divorced and others. The respondents' occupation ranges from government, private, academic students to others. Most of the respondents are students (59%) and government sector employees (26%). The income of respondents ranges from 1,000 to 12,000 Brunei Dollars. The duration of holding account with Bank Islam Brunei Darussalam ranges from 1 year to more than 5 years. The detailed demographic profile of respondents is presented in table 1.

Table 2 presents the data reliability and validity analysis as it is considered essential for data validation (Nunnally, 1978). It highlights the consistency between customer perception and dimensions of service quality. Data reliability and validity is represented by Cronbach's alpha. The table 2 represents that the overall value of Cronbach's alpha is .857 which supports the minimum value of .60 for data reliability and validity (Hair, Anderson, Tatham, & Black, 1998). The Cronbach's alpha values of each dimension are presented in table 2.

Kaiser-Meyer-Olkin (KMO) and Bartlett's tests were deployed to confirm the sampling adequacy. The table 3 presents the results of KMO and Bartlett's test. The value of KMO test for all the items is .912 that is 91.20%, indicating the sampling adequacy of this study against the benchmark of 0.5 that is 50% (Leech, Barrett, & Morgan, 2005, p. 82). Bartlett's test of Sphericity is performed to confirm the significant differences in the properties of the correlation matrix and identity matrix. Bartlett's (1954) suggested that if the probability value (sig.) is less than 0.05, it represents the significant difference in the properties of the correlation matrix and identity matrix, which is desirable. The findings show that Bartlett's test probability value is .000 which is less than the benchmark value indicating that the sample data is appropriate for factor analysis.

Pearson's correlation test analyses the correlation between dependent and independent variables. The summary of correlation between variables is presented in table 4. The summary indicates the presence of strong positive relationship between service quality of BIBD and customer perception (0.852). It supports the first hypothesis of this study, 'Islamic bank customers' perception is positively related with service quality based on Carter Model'. It is consistent with the previous studies as it also reports the existence of positive relationship between customer perception and banks service quality (Machayi & Ahmed, 2016; Devanathan & Jambulingam, 2014; Appannan, Doraisamy & Hui, 2013). The table 4 shows that correlation between variables is significant as the values of Pearson correlation are significantly higher than the benchmark value (0.01).

Hair, Black, Babin, Anderson and Tatham (2006) suggested that if the proposed model has an acceptable fit to whatever criteria applied, the study does not prove the proposed model, but only confirms that it is one of the several possible acceptable models. The study deployed confirmatory factor (CFA) analysis using SPSS 20 to examine the proposed model. The main objective of measurement model is to investigate how well the proposed indicators serve as measurement instrument for the latent variables. The standard factor loading estimates determine the validity of Carter model dimensions. The table 5 shows that CFA ranges from 0.517 to 0.847 which is higher than the benchmark CFA criteria of 0.50. The convergent validity for each dimension of

modified carter model is established and provided the evidence of construct validity. The suggested carter model comprises of eight independent variables (compliance, assurance, responsiveness, tangibility, empathy, reliability, social responsibility and innovation) and one dependent variable (customer perception). The objective of constructing the structural model was to test whether BIBD service quality is multidimensional construct comprising of 27 sub items. The results indicated the goodness-of-fit suggesting that the proposed model is statistically good fit as the values of each sub item meet the threshold level. It supports the second hypothesis of this study, 'Carter model is best to suit the Islamic banking in Brunei'. The results and statistics of the model's goodness-of-fit are reported in table 5.

The study shows that more female customers use BIBD services and products. It is consistent with literature as both men and woman has equal role to play in Malay society. Since female population is higher in Brunei therefore more female customers were found using bank services. The study further discovered the age ranges from 19 to 50 for most of the bank customers. It is also consistent with literature as studies have shown that the age of various bank customers range from 21 to 50 representing most of bank customers are Generation X (Mahdzan et al., 2017; Khattak & Rehman, 2010).

There is a strong relationship between BIBD service equally and customer perception. It is in line with the previous literature. Bank service quality and customer perception significantly and positively related with each other (Machayi & Ahmed, 2016; Devanathan & Jambulingam, 2014; Appannan et al., 2013). The study suggested that, modified Carter model is suitable for the banking system in Brunei. The new suggested dimensions are named social responsibility and innovation. Islamic banks customers' perception has transformed from basic banking products and services to desire innovation in banks products, services, procedure, policies and operations (Khan, 2016). Corporate social responsibility (CSR) has rapidly developed for Islamic banks, as it is significant for sustainable growth, profitability and long term survival. Customers highly perceive that the purpose of Islamic banks should be community support rather than profit generation (Jusoh and Ibrahim, 2017). It was found that both dimensions are considered significant component of customer perception which means the suggested Carter model is best to suit the Islamic banking system in Brunei. It is also in line with literature; Carter is the most suitable model to measure service quality of Islamic banks (Othman and Owen, 2003; Faisal et al, 2016). Overall the results indicated that both hypothesis H1 and H2 are accepted.

Table 1. Demographic profile of respondents

Demographic Items	Frequency	Percentile %
<i>Gender</i>		
Male	48	31
Female	107	69
Total	155	100
<i>Age</i>		
Below 19	13	8
Between 20-29	105	68
Between 30-39	22	14
Between 40-49	11	7
Above 50	04	3
<i>Marital Status</i>		
Single	107	69
Married	45	29
Divorced	01	1
Others	02	1
<i>Occupation</i>		
Government Sector	40	26
Private Sector	15	10
Academic Staff	02	1
Student	92	59
Others	06	4
<i>Income (BND)</i>		
Below 1,000	102	66
Between 1,001-5,000	43	28

Between 5, 001-10, 000	05	3
Above 10, 000	05	3
<i>Duration with Bank</i>		
Less than 1 year	18	12
1-3 years	41	26
3-5 years	39	25
More than 5 years	57	37

Table 2. Reliability and validity results

Variables	Items	Cronbach's alpha
Compliance	6	.692
Assurance	4	.824
Responsiveness	5	.777
Tangibility	4	.701
Empathy	3	.728
Reliability	3	.788
Social responsibility	1	.720
Innovation	1	.726
Overall	27	.857

Table 3. Kaiser-Meyer_Olkin (KMO) and Bartlett's test results

KMO measure of sampling adequacy	.912
Bartlett's test of Sphericity Approximately chi-square	2606.807
Degree of freedom (df)	351
Probability (sig.)	.000

Table 4. Summary of Correlation between Selected Variables

Variables	Pearson correlation	Sig. (2-tailed)
Compliance	0.652	0.000
Assurance	0.732	0.000
Responsiveness	0.689	0.000
Tangibility	0.611	0.000
Empathy	0.673	0.000
Reliability	0.689	0.000
Social responsibility	0.503	0.000
Innovation	0.516	0.000
Islamic bank service quality and customer perception	0.852	0.000

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

Table 5. Principal components analysis test results

Items	COM	ASU	RES	TAN	EMP	REL	SR	INV
COM1	0.817							
COM2	0.818							
COM3	0.847							
COM4	0.678							
COM5	0.780							
COM6	0.702							
ASU1		0.592						
ASU2		0.716						
ASU3		0.619						
ASU4		0.676						
RES1			0.716					

RES2	0.555	
RES3	0.632	
RES4	0.767	
RES5	0.525	
TAN1	0.543	
TAN2	0.658	
TAN3	0.740	
TAN4	0.655	
EMP1	0.517	
EMP2	0.633	
EMP3	0.714	
REL1	0.518	
REL2	0.517	
REL3	0.647	
CSR1	0.560	
INV1	0.565	

The compliance, assurance, responsiveness, tangibility, empathy, reliability, social responsibility and innovation items are coded as COM, ASU, RES, TAN, EMP, REL, SR, and INV in table 5.

5. Conclusion

The study focuses to examine the service quality and customer perception relationship in context of Brunei's leading Islamic bank (BIBD). The study has also aimed to measure service quality and customer perception by using modified carter model. A survey questionnaire comprising of 27 items is carefully adopted and modified. The study collected primary data from 155 BIBD customers in Muara District of Brunei. The collected data was screened and processed for statistical analysis. The results showed that all proposed dimensions (compliance, assurance, responsiveness, tangibility, empathy, reliability, social responsibility and innovation) of service quality are unique construct. The study further confirmed the presence of significant relationship between unique dimensions of service quality and customer perception. The findings of the study indicate that eight dimensional service quality model is reliable in context of Islamic banking system in Brunei.

Based on the findings of this study, it is recommended that social responsibility (SR) is not an alien to Islamic banks. In fact, the majority of Islamic banks around the world are sensitive to SR as it is parallel with their goals of establishment. Islamic financial institutions especially banks should practice moral and ethical values of community support. It is one of the most significant attribute of its existence compared to its conventional counterpart. Islamic banks should strive to envision supporting fair and balanced society purely based on Islamic economics. Islamic banks are constructed upon the principle of brotherhood and cooperation which stands for a unique system of equity-sharing, risk sharing and stake taking. Islamic banks should promote ethical social and moral norms representing community oriented, entrepreneur friendly and economic expansion approaches.

Islamic banks in Brunei have huge potential of growth as the country has stable economy and consumers have high purchasing power. Since customers have high purchasing power therefore technology savvy products and services are popular among Brunei bank customers. Islamic banks should assert that sincere motivation, truthful intention, dynamic, practical and innovative service quality approaches should be used to uplift Islamic banking brand. Employee-customer relationship is perceived highly interactive in nature. Islamic banks in Brunei should provide innovative service excellence training programmes to minimize the service gaps. Employee skills and service culture programmes may assure the improve customer perception and highest level of customer satisfaction. Islamic banks should provide the right training programmes especially to boost their interpersonal and communication skills. It will enable employees to deal customers in a desired and professional manner. The accurate employee training will enable employee's brisk recognition of service failure and prompt recovery. BIBD must regularly assess level of service quality perception among its customers as the study shows that it significant and consistently fluctuates, therefore BIBD bank managers and policy makers should apply the diagnostic information of this study to detect the gaps in service quality.

The main limitation of the study is the sample size as the primary data it is collected from only one district of Brunei known as Muara. Even though the district has highest population and more bank users and BIBD branches however the opinion of customers from other districts could also impact the results of this study. The future research may focus on large sample size by including customers from other districts and including other

Islamic bank (Tabung Amanah Islam Brunei) customers to represent the customer perception of entire Islamic banking sector of Brunei. Future researchers may further conduct research on service quality perception comparison of Islamic and conventional bank as conventional banking is the major rival of Islamic banks in Brunei.

The study contributed to the literature on service quality and customer perception. Prior empirical studies have focused on awareness of Islamic banking products and services using basic service quality model which are suitable for conventional banking. However this study suggests the application of upgraded, updated and desired version of service quality model to represent Brunei's Islamic bank customers' perception.

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Note

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