

The Impact of Service Quality on Customer Satisfaction in Islamic Banking in Tanzania

Fatma Hemed Suleiman¹

¹Sakarya University, Turkiye

The purpose of this study is to analyse the impact of the service given by an Islamic bank institution in Tanzania on customer satisfaction using the CARTER model, which identifies the major factors that influence consumer perception. Questionnaires are disseminated throughout Tanzania's many regions where Islamic banks operate, including Zanzibar, Dar es Salaam, Dodoma, and Arusha, using stratified random sampling. Data was analysed using the structural equation model (SEM) with SPSS and AMOS version 20 to determine the link between service quality and customer satisfaction. The study found that reliability, assurance, and compliance all have a highly favourable and significant impact on customer satisfaction, with reliability being the most significant and positively associated. On the other hand, empathy and tangibility have a negative link with customer satisfaction; notably, responsiveness has no impact on the customer satisfaction neither positive nor negative signification. That is, responsiveness alone may not have an impact on client satisfaction at Tanzanian Islamic banks. Tanzania Islamic Bank should encourage more enhancement of reliability, assurance, and compliance in their delivery of their services to their customers because doing that can bring trustworthy and accurate services that align with the Islamic rules and regulations that lead to strong loyalty and relationships.

OPEN ACCESS

ISSN 2715-6346 (Online)

*Correspondence:
Fatma Hemed Suleiman
faheshemed@gmail.com

Received: 23 October 2025
Accepted: 11 December 2025
Published: 30 December 2025

Citation:
(2025) The Impact of Service Quality on Customer Satisfaction in Islamic Banking in Tanzania. *Ekonomi Islam Indonesia* 7.2.

Open access under Creative Commons Attribution-NonCommercial 4.0 International License (CC-BY-NC) ©Author(s)



Keywords: Islamic Banking; Customer Satisfaction; Service Quality CARTER Model

INTRODUCTION

Islamic banking is a rapidly growing part of the global financial system. It provides an alternative to conventional banking by following the principles of Islamic law (Shariah), which prohibits interest (riba), excessive uncertainty (gharar), and gambling (maysir). Instead, Islamic banks promote ethical conduct, transparency, risk-sharing, and asset-backed financing (World Bank; Islamic Financial Services Board 2018). Over the past few decades, Islamic banking has expanded across different regions including Southeast Asia, the Middle East, and parts of Africa, showing that it appeals to both Muslim and non-Muslim clients.

In Tanzania, Islamic banking was introduced in 2008, mainly through Islamic windows within the conventional banks. Since then, banks such as Amana Bank and the People's Bank of Zanzibar (PBZ) have offered Shariah-compliant services. However, the sector remains small and faces serious challenges, including limited public awareness, a shortage of qualified Shariah experts, and gaps in regulation (Salim, 2012; Chalu, 2014). These challenges make it harder for Islamic banks to compete with established conventional banks.

In such a competitive environment, customer service quality is a key factor in attracting and retaining clients. In Islamic banking, service quality involves not only efficiency and professionalism but also religious compliance. Customers expect services that meet their financial needs and religious values. This means that Islamic banks must focus on both technical service delivery and the Shariah principles to satisfy customers. The CARTER model, which includes Compliance, Assurance, Reliability, Tangibility, Empathy, and Responsiveness, is commonly used to measure service quality in Islamic banks (Othman and Owen, 2001). Several studies have used this model in countries such as Malaysia, Nigeria, and the UAE, and found that certain service dimensions are strongly linked to customer satisfaction (Yeo & Youssef, 2007; Panda, 2003). However, in Tanzania, most existing research has focused on individual institutions or specific issues such as Shariah awareness (e.g. Khamis, (2018); Ramadhan (2023) and did not offer a broad view of the factors influencing satisfaction across the Islamic banking sector.

Despite the growing importance of Islamic banking in Tanzania, little research has examined the full range of service quality factors and how they influence customer satisfaction. Most past studies are limited in scope and do not provide sufficient information to guide

the entire sector. This creates a knowledge gap for bank managers, policymakers, and researchers, who need to understand what matters to the customers of Islamic banks. This study is motivated by the need to fill this gap by providing a comprehensive analysis of service quality and its effects on customer satisfaction in Tanzanian Islamic banks. This study uses the CARTER model and applies Structural Equation Modelling (SEM) to examine which service quality dimensions have the strongest impact on customer satisfaction. It is based on responses from 368 Islamic banking customers across four major regions of Tanzania. By doing so, this study provides practical insights into improving service delivery and strengthening customer trust in Islamic banks.

This study is important for three reasons. First, it helps Islamic bank managers understand the service areas that require the most attention. Second, it supports policymakers and regulators in making better decisions on how to support the Islamic finance industry. Third, it contributes to the academic literature by testing the CARTER model in a sub-Saharan African context, in which Islamic banking is still developing. The remainder of this paper is organised as follows. The next section reviews related literature on service quality and customer satisfaction in Islamic banking. The third section explains the research methodology, including the use of SEM. The fourth section presents and analyses the findings of the study. This was followed by a discussion of the results. The paper concludes with conclusions, practical implications, limitations, and suggestions for future research.

Every organization aspires to achieve growth and maintain its reputation, especially in competitive environments, customer service quality is pivotal to building and retaining a loyal customer base. Islamic banks in Tanzania, introduced in 2008, have made significant strides in delivering Sharia-compliant financial services. However, the sector is still in its infancy, competing with well-established conventional banks. Key challenges include a lack of public awareness of Islamic banking principles, limited Sharia expertise, and the operational complexities of a dual banking system (Salim, 2012; Chalu, 2014). Existing studies have shed light on various aspects of Islamic banking in Tanzania. For instance, (Fauz Khamis, 2018) analysed service quality at PBZ but focused on a single institution, offering a limited view of the broader industry. Similarly, (Mussa Ramadhan, 2023) explored Sharia compliance awareness, restricting the scope to a qualitative analysis. While prior studies have explored specific elements of

Islamic banking in Tanzania, such as compliance awareness or service delivery at individual banks, there is a lack of comprehensive research that evaluates multiple service dimensions across the sector. This study seeks to fill that gap by examining the relationship between service quality and customer satisfaction using the CARTER framework.

LITERATURE REVIEW

This literature review explores the concepts of service quality and customer satisfaction within Islamic banking, examining their interrelationship and impact. It reviews key studies that assess service quality dimensions, customer perceptions, and banking performance. Additionally, it identifies gaps in existing research, particularly within the Tanzanian context, underscoring the need for a more comprehensive study to enhance understanding in Islamic banks.

Service Quality

Service quality is a multidimensional concept that reflects the customer's perception of excellence in their interactions with a service provider (Zeithaml et al., 1990). It extends beyond the mere delivery of services to encompass all associated processes, including employee engagement and the organization's overall commitment to maintaining high standards (Kumra, 2008). Scholars such as Cronin and Taylor (1994) and Fen and Lian (2002) emphasize that service quality is a long-term assessment of performance, which plays a strategic role in fostering customer loyalty and gaining a competitive edge in the market (Cronin, 2003).

In the banking sector, superior service quality is often defined as exceeding client expectations through exceptional service delivery (Cronin & Taylor, 1992). This quality is influenced by two key components: customers' anticipated service expectations and their actual service experiences. Parasuraman (1996) elaborates on this by defining service quality as the gap between perceived and actual service performance, underscoring the necessity of continuous evaluation and improvement.

Customer perceptions of service quality are shaped by their direct interactions with financial institutions and their cumulative consumption experiences (Parasuraman, 1996). These perceptions, in turn, significantly impact overall customer satisfaction, which is often driven by both emotional and rational factors (Oliver, 1981). Given the standardized nature of financial services, differentiation through superior

service quality is a crucial strategy for banks seeking to establish a competitive advantage (Stafford, 1994).

Previous studies highlight the importance of meeting or surpassing customer expectations as a pathway to service excellence (Shieh & Wang, 2006). Within Islamic banking, service quality is further complicated by the necessity of compliance with Shariah principles. This adds another dimension to customer evaluation, making specialized models such as CARTER—which incorporates Compliance, Assurance, Reliability, Tangibility, Empathy, and Responsiveness—essential in assessing customer experiences (Othman & Owen, 2001).

Service quality is widely acknowledged as a critical determinant of a financial institution's success, particularly in a highly competitive industry where differentiation is key (Bowen & Hedges, 1993). Islamic banks must ensure that their services not only align with customer expectations but also adhere to religious principles. A case study from Malaysia illustrates how compliance with Islamic financial principles serves as a primary driver for customers choosing Islamic banks.

Consumers evaluate service quality by comparing their expectations with actual service experiences, and banks that successfully enhance their service quality can foster customer loyalty while strengthening their market position. As a result, improving service quality is not only a strategic imperative but also a fundamental requirement for retaining customers in the long term.

Despite the extensive research on service quality, the Gaps Model developed by Parasuraman, Zeithaml, and Berry (1985, 1988) remains a dominant framework for assessing service performance across various industries (Nyeck et al., 2002). While the model has been refined over time, its core principles continue to guide service quality evaluations in banking and other service-oriented sectors. Islamic bank managers have increasingly adopted the CARTER model to better understand customer needs and enhance both service quality and operational performance (Othman & Lynn, 2001; Shahril et al., 2004). These models offer valuable insights into the factors shaping customer satisfaction, yet ongoing research is needed to assess their applicability in different banking environments and evolving customer expectations.

In Tanzania, Khamis and Ab Rashid (2018) conducted a study on service quality in Islamic banks, applying the CARTER model to assess customer satisfaction at the People's Bank of Zanzibar (PBZ). Their findings indicated that customers expressed high

levels of satisfaction, particularly in aspects related to compliance, tangibility, and reliability—factors that play a crucial role in attracting and retaining clients. The study reaffirmed the significant relationship between service quality and customer satisfaction, highlighting service quality as a decisive factor in shaping customer loyalty.

While these insights provide a strong foundation for understanding service quality in Islamic banking, further exploration is required to assess how different dimensions of service quality interact with customer satisfaction over time. This leads to a deeper examination of customer satisfaction, an essential component in evaluating overall banking performance and long-term customer retention.

Customer Satisfaction

Customer satisfaction is a key metric in evaluating how well a product or service meets consumer expectations (Aida, 2008). It serves as the final stage in assessing whether a service fulfils or surpasses what the customer anticipates. Modern marketing theories emphasize that long-term business success depends on understanding and responding to customer needs. High levels of satisfaction foster customer loyalty, which in turn reduces switching costs, enhances retention rates, and improves overall profitability (Tsoukatos & Rand, 2007). In the financial sector, where competition is fierce, service quality becomes an essential determinant of customer satisfaction (Hossein & Sahel, 2013). Banks that fail to prioritize customer experience risk losing clients to competitors who provide more reliable and value-driven services.

The significance of customer satisfaction extends beyond transactional interactions. It plays a pivotal role in determining organizational success by measuring the extent to which a service meets or exceeds consumer expectations (Rehman & Khattak, 2010; Okumus & Genc, 2013). Within Islamic banking, customer satisfaction is often closely linked to perceptions of ethical conduct, transparency, and service quality (Ahmed & Rehman, 2010).

Unlike conventional banking, Islamic financial institutions operate under Shariah principles, which shape customer expectations regarding fairness, risk-sharing, and interest-free transactions. When banks align their services with these expectations, they foster a sense of trust and confidence among their clients. Additionally, research highlights that customers remain loyal to banks that provide superior service value compared to their competitors (Zeithaml & Bitner, 1996). Furthermore, innovation competency—the

ability to introduce new and efficient banking solutions—plays a crucial role in attracting and retaining customers (Naveed et al., 2014).

From a psychological perspective, customer satisfaction is deeply tied to the expectation-confirmation theory (Spreng et al., 1996). This theory suggests that satisfaction arises when customers perceive that a service meets or exceeds their expectations, whereas dissatisfaction occurs when performance falls short. In the banking industry, this dynamic is particularly relevant, as financial services are intangible and experiential. Customers assess service quality based on reliability, responsiveness, and overall value. Satisfaction is maximized when banking products and services not only meet functional expectations but also provide emotional reassurance, such as trust in financial stability and adherence to ethical principles. The gap between perceived and actual performance determines whether customers remain satisfied or seek alternative financial institutions.

In Tanzania, studies have demonstrated a strong correlation between customer satisfaction and service quality. Research by Ramadhan (2023) identified Shariah compliance as a key factor influencing customer selection of Islamic banks, with service quality playing a crucial supporting role. These findings indicate that aligning banking services with Islamic financial principles is essential in meeting customer expectations and sustaining satisfaction. Similarly, a study by Tegambwage and Kasoga (2022) explored how improvements in service quality enhance customer satisfaction and loyalty, both of which are critical for Islamic banks operating in a competitive environment. The research underscores the importance of refining banking services to strengthen customer relationships and ensure long-term business growth.

While customer satisfaction remains a central focus in Islamic banking, it cannot be fully understood in isolation. It is deeply intertwined with broader service quality dynamics, which influence both satisfaction and customer retention. The interplay between these factors ultimately determines whether banks can achieve sustainable competitive advantages in an evolving financial landscape. To fully grasp this relationship, it is essential to explore how service quality and customer satisfaction collectively shape customer perceptions and banking success.

Service Quality and Customer Satisfaction

A significant body of research highlights the strong relationship between service quality and customer

satisfaction, particularly within Islamic banking. For instance, [Yusup \(2019\)](#) found that 70.1% of customer satisfaction in Islamic banking in West Java was attributed to the quality of services, emphasizing key service improvement factors. Similarly, [Fida et al. \(2020\)](#) applied the SERVQUAL model in Oman and demonstrated a significant link between empathy, responsiveness, and customer relationships in Omani banks. This finding aligns with the CARTER model developed by [Othman and Owen \(2002\)](#), which was specifically designed to assess service quality within Islamic banking. While these studies reinforce the crucial role of service quality in shaping customer satisfaction, they also highlight certain limitations. [Yusup's \(2019\)](#) research was geographically restricted, making it difficult to generalize the findings beyond West Java, while [Fida et al. \(2020\)](#) focused on only two dimensions of service quality. These gaps suggest the need for more comprehensive studies covering broader regions and multiple service quality dimensions. Although much research has explored the link between service quality and customer satisfaction, there remains a need to examine the formation of perceived service quality and its role in shaping customer expectations.

Further studies have sought to analyse customer satisfaction using a more extensive framework. [Hayat, Khuram, and Anam \(2011\)](#) examined consumer satisfaction across five dimensions—responsiveness, efficiency, transaction security, competitive services, and staff understanding of banking products—using a hierarchical analysis approach. Their findings revealed a strong connection between service quality and customer satisfaction in both Islamic and conventional banking systems. Similarly, [Abdullah and Dinar \(2011\)](#) evaluated service quality at Bank Shariah Mandiri (Garut branch) in Indonesia using the CARTER model. Their study found that compliance was the most influential service quality dimension, followed by assurance, empathy, trustworthiness, and responsiveness, with the tangible dimension exerting the least impact. These insights reaffirm the idea that Islamic banking customers prioritize ethical compliance and trust when assessing service quality.

Other research has further confirmed the relationship between service quality and customer satisfaction across different Islamic banking institutions. [Abu Bakar et al. \(2005\)](#) analysed customer perceptions at Bank Islam and Bank Muamalat, two leading Islamic banks, and found that both service quality and customer satisfaction were rated highly. Their study confirmed a significant correlation between all service quality

dimensions and customer satisfaction, suggesting that Islamic banks perform well in service delivery. Additionally, [Zurani's \(2014\)](#) research on customer satisfaction at Ar-Rahn Permodalan Kelantan demonstrated that all six service quality dimensions significantly influenced satisfaction, with empathy emerging as the most critical factor. These studies collectively support the notion that service quality directly impacts customer satisfaction in Islamic financial institutions.

The Tanzanian context presents similar trends, though studies have been somewhat limited in scope. [Khamis and AbRashid \(2018\)](#) investigated service quality and customer satisfaction at the People's Bank of Zanzibar (PBZ) using the CARTER model, concluding that customers were highly satisfied, particularly in terms of compliance and reliability. However, the study's applicability was constrained by its focus on a single bank and a small sample size. [Ramadhan \(2023\)](#) explored the selection factors of Islamic banks in Tanzania, emphasizing awareness, Shariah compliance, and service quality factors such as reliability, responsiveness, and empathy. Additionally, [Chalu \(2014\)](#) examined regulatory challenges and operational hurdles in Tanzanian Islamic banks, underscoring the need for enhanced customer education and service delivery. Similarly, [Ahmed and Rehman \(2010\)](#) assessed the dual banking system in East Africa, identifying financial inclusion challenges and opportunities in Islamic banking. However, these studies were often restricted in scope, either focusing on specific banks, regions, or service quality dimensions, limiting their generalizability to the broader Islamic banking sector.

Despite the extensive research on service quality and customer satisfaction, notable gaps remain. Many studies are narrowly focused on specific banks or geographic areas, making it difficult to generalize findings across the entire Islamic banking sector. Additionally, while models like SERVQUAL and CARTER have been widely used, few studies have examined the holistic impact of all six CARTER dimensions simultaneously. The current study seeks to address these gaps by employing the CARTER model to assess service quality across all Islamic banks in Tanzania, incorporating a larger and more diverse sample for a comprehensive evaluation.

By integrating compliance, assurance, reliability, tangibility, empathy, and responsiveness, this research aims to provide practical recommendations for enhancing service quality and customer satisfaction in Tanzania's Islamic banking sector. Furthermore, by

focusing on under-researched markets, the study will contribute both theoretically and practically to the growth of Islamic finance, offering insights that can improve service delivery and customer experience in

Islamic financial institutions. Below table show the summary of the different articles with their topic to see the gap.

Table 1 : Summary of the Literatures

	Author (year)	Title	Country/Region	Method	Study sample
1	Khamis, F. M. D., & AbRashid, R. (2018)	<i>Service quality and customer's satisfaction in Tanzania's Islamic banks: A case study at People's Bank of Zanzibar (PBZ)</i>	TANZANIA	CARTER	255
2	Fida, B. A., Ahmed, U., Al-Balushi, Y., & Singh, D. (2020).	<i>Impact of Service Quality on Customer Loyalty and Customer Satisfaction in Islamic Banks in the Sultanate of Oman</i>	OMAN	SEVQUAL	120
3	Yusup, D. (2019). <i>Management Science</i>	<i>Analyzing the effect of service quality on customer satisfaction of Islamic banking in west Java province,</i>	INDONESIA	LINER REGRATION	156
4	Fauzi, A. A., & Suryani, T. (2019). <i>Journal of Islamic Marketing</i>	<i>Measuring the effects of service quality by using CARTER model towards customer satisfaction, trust and loyalty in Indonesian Islamic banking.</i>	INDONESIA	CARTER MODEL	392
5	Mulazid, A. S., Mufraini, M. A., Sahar, S. (2021). <i>International Journal of Business and Society</i> , 21(2), 883-897.	<i>Attributes of islamic bank service quality: A survey to map metropolitan customer satisfaction.</i>	INDONESIA	CARTEL MODEL	132
6	Sulaiman, S. M., Muhammad, M. A., Muhammad, A. D., & Sabiu, T. T. (2021). <i>International Journal of Islamic Economics and Finance (IJIEF)</i> , 4 (1), 1-30.	<i>Mediating role of customer satisfaction between service quality and customer loyalty with Non-Interest bank in Nigeria.</i>	NIGERIA	SEM TECNIQUE	400
7	Kishada, Z. M. E. M., & Wahab, N. A. (2021). <i>Journal of Islamic Marketing</i>	<i>Influence of customer satisfaction, service quality, and trust on customer loyalty in Malaysian Islamic banking.</i>	MALAYSIA	LINER REGRATION	100
8	Othman, A., & Owe	<i>Othman, A., & Owen, L. (2001). Financial Services, 3</i>	KUWAIT	CARTER	
9	Hasnan Baber ¹	<i>E-SERVQUAL and Its Impact on the Performance of Islamic Banks in Malaysia from the Customer's Perspective</i>	MALAYSIA	SEVQUAL	721
10	Salman Bashir ^{1*} , Abeda Sultana ² , Ze	<i>Understanding of The Customers' Perception on Islamic Banking and Financial Services in Malaysia</i>	MALAYSIA	SEVQUAL	135
12	Akintan, M. Dabiri and S. Jolaosho	<i>ASSESSING SERVICE QUALITY DIMENSIONS ON CUSTOMERS PATRONAGE OF ISLAMIC BANKING IN SOUTH WESTERN NIGERIA.</i>	NIGERIA	CARTER	120
13	Achmad Muchaddam Fahham	<i>Factors Affecting Satisfaction and Loyalty Toward Islamic Banking</i>	INDONESIA	SERQUAL	356
14	Amira Najitha Abu Bakar, Mohd Yahya Mohd Hussin, Nor Azrin Md Latip & Ahmad Mahmood	<i>Customers Satisfaction and Service Quality of Islamic Banks in Perak, Malaysia</i>	MALAYSIA	CARTEL	135
15	Jawdat Jaafar Khatab ¹ , Ezat Sabir Esr	<i>The Influence of Service Quality on Customer Satisfaction: Evidence from Public Sector and Private Sector Banks in Kurdistan/Iraq</i>	IRAQ	CARTER	384
16	Ali Joma Khafafa* Zurina Shafii*	<i>Measuring the Perceived Service Quality and Customer Satisfaction in Islamic Bank Windows in Libya Based on Structural Equation Modelling (SEM)</i>	LIBYA	SERQUAL	366
17	Deni Kamaludin Yusupa*	<i>Analyzing the effect of service quality on customer satisfaction of Islamic banking in west Java province, Indonesia</i>	INDONESIA	HYPOTHESES	156
18	Abdulsattar Al Ali	<i>The Impact of Information Sharing and Quality Assurance on Customer Service at UAE Banking Sector</i>	UAE	HYPOTHESES	248
19	Naushad ALAM ¹ , Hanin Abdulrhman	<i>Service Quality Perception and Customer Satisfaction in Islamic Banks of Oman</i>	OMAN	SEVQUAL	100
20	Qaisar Alii	<i>Service Quality from Customer Perception: Evidence from Carter Model on Bank Islam Brunei Darussalam (BIBD)</i>	BRUNEI	CARTER	155

Research Hypothesis

This study examines the relationship between service quality and customer satisfaction in Islamic banks in Tanzania by analysing data from 368 customers across various institutions. The CARTER model, which includes Compliance, Assurance, Reliability, Tangibles, Empathy, and Responsiveness, serves as the foundation for assessing service quality in Islamic banking. Previous research has established that service quality plays a critical role in customer satisfaction.

For instance, [Khafafa and Shaff \(2013\)](#) found a significant relationship between these two variables in Islamic banks. Similarly, [Fauz and AbRashid \(2018\)](#) explored service quality at the People's Bank of Zanzibar (PBZ) and confirmed its strong influence on customer satisfaction. Based on these studies, this research develops seven hypotheses to examine how different service quality dimensions impact customer satisfaction in Tanzanian Islamic banks.

Compliance refers to how well Islamic banks follow Shariah principles in their operations. Customers expect Islamic banks to offer services that align with Islamic law, ensuring that financial transactions are free from interest and unethical practices. Trust in compliance significantly affects customer satisfaction, as clients value banks that uphold religious and ethical standards ([Othman & Owen, 2001](#)). Therefore, it is expected that higher compliance will lead to greater customer satisfaction.

H₁: There is a positive impact between compliance and customer satisfaction.

Assurance relates to the knowledge, professionalism, and credibility of bank employees in providing services. In Islamic banking, assurance is particularly important because customers rely on bank staff to guide them through Sharia-compliant financial products. Studies indicate that knowledgeable and polite employees increase customer trust, making them more satisfied with banking services ([Fida et al., 2020](#)).

H₂: There is a positive impact between assurance and customer satisfaction.

Reliability refers to the bank's ability to consistently provide accurate and dependable services. Customers expect financial institutions to process transactions efficiently, meet promises, and avoid errors. Research has shown that reliability strongly influences customer satisfaction, as it reflects the stability and trustworthiness of a bank ([Cronin & Taylor, 1992](#)).

H₃: There is a positive impact between reliability and customer satisfaction.

Tangibles represent the physical aspects of banking, such as branch facilities, employee appearance, and digital banking platforms. A clean, modern, and well-equipped banking environment creates a positive impression on customers, enhancing their satisfaction. Islamic banks that invest in well-designed facilities and digital services are more likely to attract and retain satisfied customers ([Abdullah & Dinar, 2011](#)).

H₄: There is a positive impact between tangibles and customer satisfaction.

Empathy refers to the level of personalized care and attention that bank employees provide to customers. In Islamic banking, empathy is crucial as it reflects the institution's commitment to ethical and customer-focused service. Customers who feel valued and understood are more likely to be satisfied with their banking experience ([Zurani, 2014](#)).

H₅: There is a positive impact between empathy and customer satisfaction.

Responsiveness is the bank's ability to quickly and effectively address customer needs and concerns. A bank that provides fast and efficient customer support improves the overall experience and builds trust with its clients. Studies suggest that responsiveness is a key factor in maintaining high customer satisfaction levels ([Fauz & AbRashid, 2018](#)).

H₆: There is a positive impact between responsiveness and customer satisfaction.

Finally, while each individual service quality factor influences customer satisfaction, the overall quality of service is a key determinant of whether customers remain loyal to a bank. A combination of compliance, assurance, reliability, tangibles, empathy, and responsiveness contributes to a positive banking experience, which ultimately enhances customer satisfaction ([Ramadhan, 2023](#)).

H₇: Service quality has a positive impact on customer satisfaction in Tanzania's Islamic banking sector.

These hypotheses provide a framework for testing how different dimensions of service quality shape customer satisfaction in Islamic banks. By examining these factors collectively, this study aims to offer practical recommendations for improving banking

services and enhancing customer experiences in Tanzania's Islamic finance sector.

RESEARCH METHODOLOGY

This study employs a quantitative research design to explore the relationship between service quality and customer satisfaction in Islamic banking in Tanzania. Following the approach of [Fauz Khamis \(2018\)](#), the study uses structured surveys as the primary data collection tool. The CARTER model, which is specifically designed for assessing service quality in Islamic banking is adopted as the framework for evaluating service dimensions.

The CARTER Model

The CARTER model, developed by [Othman and Owen \(2001\)](#), is tailored to the unique characteristics of Islamic banking, combining traditional service quality dimensions with compliance with Sharia principles. The model evaluates six dimensions:

- Compliance:** Adherence to Sharia principles.
- Assurance:** Knowledge and courtesy of employees and their ability to inspire trust.
- Reliability:** Consistent and dependable service performance.
- Tangibles:** Physical facilities, equipment, and appearance of personnel.
- Empathy:** Personalized attention to customers.
- Responsiveness:** Willingness to help customers promptly.

The CARTER model is particularly relevant for Islamic banking because it incorporates compliance as a critical dimension, differentiating it from conventional service quality models like SERVQUAL. Past studies, such as those by [Khamis and AbRashid \(2018\)](#) and [Ramadhan \(2023\)](#), demonstrate its effectiveness in capturing the unique service attributes of Islamic banks. However, the limited scope and sample sizes in these studies justify the need for broader research using the CARTER framework.

By using the CARTER model, this study ensures a holistic evaluation of service quality, aligning the analysis with the religious and ethical principles central to Islamic banking. It also facilitates comparisons with previous studies, contributing to the growing body of knowledge on service quality in Islamic finance.

Sampling and Respondents

The study selects the high-engagement area whereby the Islamic banking services are available which are Zanzibar, Dodoma, Dar es Salam and Arusha for the targeted customer of the Islamic banking. The aim of the study is to reach 500 sample to ensure get good result on its through question, so the stratified random sampling was used and data collected from 368 sample in line with the best quantitative research. This sample provides an efficiency statistical analysis, and it also maintains the reliability of the findings. The study used stratified random sampling, with respondents drawn from four major regions (Zanzibar, Dar es Salaam, Dodoma, and Mtwara) also to ensure geographical and institutional diversity. [Fauzi Khamis & AbRashid, 2018; Fida et al., 2020](#).

Data Collection Tools and Procedure

A structured questionnaire was the primary data collection tool, carefully designed to address the study's objectives. The questionnaire consisted of three main sections. The first section gathered demographic information, including respondents' age, gender, education level, and banking experience. The second section assessed service quality dimensions using the CARTER model, widely recognized for evaluating service quality in Islamic banking contexts ([Othman & Owen, 2001](#)). These dimensions were measured on a 5-point Likert scale ranging from "Strongly Disagree" to "Strongly Agree," allowing participants to express varying degrees of agreement or disagreement effectively. The third section measured customer satisfaction, focusing on overall satisfaction with the bank's services and the likelihood of continued patronage. The questionnaire was adapted from [Othman and Owen \(2001\)](#), piloted on 30 participants, and refined for clarity and local context. Cronbach's alpha values for each construct exceeded 0.70, confirming internal reliability.

Data Analysis

The collected data were analysed using SME (Structural Equation Modelling) and other statistical tool such as AMOS and SPSS so as get clear picture of the impact of the service quality and customer, but SEM take the big position because the SEM Fit Indices: Present and interpret fit values. The model showed acceptable fit (RMSEA = 0.05, CFI = 0.91, TLI = 0.89), indicating the CARTER model fits well within the Tanzanian Islamic banking context. To ensure the accuracy, efficiency and reliability of the data ([Jamil](#)

Hammoud 2018). Descriptive statistics, including means, frequencies, and percentages, were used to summarize the dataset effectively. Inferential statistical techniques, such as correlation and regression analysis, mode to show the fitness of the data and accuracy of the data were applied to explore the relationships and impacts between service quality dimensions and customer satisfaction.

The reliability of the data was assessed using Cronbach's alpha, which evaluated internal consistency. The validity of the CARTER model dimensions was

confirmed through factor analysis, ensuring the appropriateness of the constructs for measuring service quality. This methodological approach aligned with best practices and built on previous studies, such as those by Fauz Khamis and AbRashid (2018), to ensure robust and credible findings.

FINDING AND DISCUSSION

Respondent Profile

Table 2. Respondent Profile

	Description	Frequency	Percent
1	Gender		
	Male	198	53.8
	Female	170	46.2
2	Age		
	Below 20	32	8.7
	20-35	278	75.5
	36-45	45	12.2
	46-55	10	2.7
	55 above	3	0.9
3	Education		
	O-Level	13	3.7
	A-Level/Diploma	75	20.3
	Degree	230	62.5
	Masters/PhD	50	13.5
4	Occupation		
	Government Sector	65	17.6
	Private Sector	205	55.7
	Student	80	21.7
	Other	18	5
5	Location (Region)		
	Zanzibar	198	53.8
	Dar es Salaam	67	18.2
	Dodoma	35	9.5
	Arusha	28	7.6
	Others	40	10.9

Table 2: Presents the demographic profile of the respondents. The sample of 368 shows a balanced gender distribution with 53.8% male and 46.2% female. The majority are aged between 20 and 35 years (75.5%), indicating a predominantly youthful demographic, while other age groups represent smaller proportions. Educationally, most respondents hold a degree (62.5%), followed by A-Level/Diploma qualifications (20.3%).

Those with Master's or PhDs account for 13.5%, while 3.7% have O-Level education. In terms of occupation, the private sector employs the largest group (55.7%), followed by students (21.7%) and government employees (17.6%). Respondents from other fields make up only 5%. Geographically, the majority reside in Zanzibar (53.8.6%) because statistically 99% of the people there are Muslims which followed with Dar es Salaam (18.2%) being the next most common location,

while smaller proportions come from Dodoma, Arusha, and other regions.

This demographic profile highlights a young, educated, and predominantly urban-based sample,

providing valuable insights into the preferences and expectations of Islamic banking customers in Tanzania.

Descriptive Analysis

Table 2 Descriptive Analysis

Variable	Obs.	Mean	Std. Deviation
CSAT	368	4.3322	0.65992
RESP	368	3.7330	0.86851
EMP	368	4.4348	0.66619
COMPL	368	4.3601	0.66165
ASSUR	368	4.4524	0.63994
RELIA	368	4.4212	0.69326
TANG	368	4.0788	0.79706

Table 3: Presents a descriptive statistic from the study variables that shows the mean and standard deviation, whereby the main variable, which is customer satisfaction (CSAT), which is the dependent variable, has a mean (M) of 4.3322 and a standard deviation (SD) of 0.65992. It followed the independent variable and started with the Assurance (ASUR) having a mean of 4.4524 and a standard deviation of 0.63994, then Empath (EMP) having a mean and standard deviation of 4.4348 and 0.66619, respectively. Reliability (REL) has a mean (M) and standard deviation (SD) of 4.4212 and 0.69326, respectively. Tangible (TAN) has a mean (M) of 4.0788 and a standard deviation (SD) of 0.79706. Compliance’s (COMP) mean is 4.3601, and its standard deviation is 0.66165. The last one is Responsiveness (RESP), which has a mean (M) and standard deviation (SD) of 3.7330 and 0.86851, respectively. Overall, all indicators indicate that all variables have positive ratings because they are above 4, except for responsiveness only, which has a 3.733.

KMO & Bartlett's Test

As it observed by [Alain, & Situakibanza \(2020\)](#), this test is used for the sample suitability on the consideration of whether the factor should be continued or not by using the Bartlett's test of sphericity; furthermore, it's in business and academia; most are using it for the testing of their sample to see whether it's acceptable or not. It's usually advised on the sample adequacy to get good results. Generally, KMO & Bartlett arrange it from 0 to 1, whereby the acceptable range should be over 0.6 ([Van Truong, H., Pham, C. H., & Vo, N. H., 2016](#)). As shown in the table, both the KMO statistics and Bartlett's test of sphericity indicate a suitable factor analysis model: the Kaiser, Meyer, and Olkin (KMO) test has a value of 0.746 (> 0.6), and the Bartlett sphericity test (Bartlett = 7297.332; p = 0.000) indicates that the data is very good for analysis. Thus, the factor analysis may be performed in the following phase, allowing the data from this discovery to investigate the factors that influence the dependent variable, customer satisfaction.

Table 3: KMO & Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.746
Bartlett's Test of Sphericity	Approx. Chi-Square	7297.332
	df	300
	Sig.	0.000

Rotated Component Matrix

Table 5: its shows the structural model assessment whereby, which demonstrate that although a

goodness-of-fit measure may exceed the cut-off, as is the case with normed chi-square (X^2/df), in the structural model, evaluating the goodness-of-fit measures in combination is an adequate indicator of which 7

indicators show the high level of Cronbach's alpha because each indicator has more than 0.7, whereby the Cronbach alpha usually should be greater than 0.7, which makes the good reliability of the concern issued. The Cronbach Alpha as the observed that it's good in each factor because normally it should be more than 0.7 [Hair et al. \(2014\)](#), whereby the overall Cronbach is 0.8, which shows that it's good and fits all factors.

Additionally, by looking one by one, the ASS (Assurance) is the best one, which has $\alpha = 0.914$, followed by REL (Reliability) with $\alpha = 0.919$, and CAST (Customer Satisfaction) with $\alpha = 0.900$. Others, like TANG (Tangible) and RESP (Responsiveness), are lower, but it's acceptable because they lie on $\alpha = 0.783$ and $\alpha = 0.863$, respectively. So, this shows that the indicator regularly fits.

Table 4: Rotated Component Matrix

Indicators	Factor loadings	Cronbach's Alpha	CR	AVE	MSV	ASV
CS2	0.855					
CS1	0.844					
CS3	0.821					
CS4	0.804	0.900	0.903	0.702	0.453	0.105
AS3	0.939					
AS2	0.917					
AS4	0.902					
AS1	0.740	0.914	0.923	0.753	0.073	0.032
COM3	0.854					
COM4	0.851					
COM2	0.826					
COM1	0.810	0.881	0.857	0.612	0.114	0.043
RESP2	0.909					
RESP1	0.884					
RESP4	0.851					
RESP3	0.717	0.863	0.859	0.617	0.005	0.002
REL3	0.870					
REL1	0.869					
REL2	0.670	0.919	0.931	0.819	0.453	0.087
EMP1	0.898					
EMP2	0.878					
EPM3	0.825	0.864	0.868	0.686	0.114	0.029
TAN2	0.841					
TAN3	0.833					
TAN1	0.819	0.783	0.783	0.547	0.036	0.007
Overall Cronbach's Alpha				0.80		
Total Variance Explained (Using Eigenvalues)				78.637		

On the hand of the Maximum Shared Variance (MSV), this shows of the relationship between one hypothesis and another and Average Shared Variance (ASV) gives us the view of the average from one hypothesis to another; usually, the MSV should be less than AVE, and ASV should be less than AVE so the theory should be suitable for each indicator. The table

shows that all MSV and ASV values are < than AVE, which means that validity is acceptable ([Anderson & Gerbing, 1988](#); [Fornell & Larcker, 1981](#)) and AVE should be greater than 0.5, as recommended ([Byrne, 2016](#)). By looking at the customer satisfaction (CS) MSV, it is 0.453, and ASV is 0.105; for assurance (AS), MSV is 0.073 and ASV is 0.032; and for compliance (COMP),

MSV and ASV are 0.114 and 0.043, respectively. Responsiveness (RESP) MSV is 0.005 and ASV is 0.002; reliability (REL) MSV and ASV are 0.453 and 0.087, respectively; empathy shows the MSV is 0.114 and ASV is 0.029; and finally, tangible (TAN) shows the MSV and ASV are 0.036 and 0.007, respectively. So as we see, all indicators show the MSV and ASV values are less than AVE, and it shows the validity, and it's proved. And the eigenvalue usually explains each factor, but on this table the total eigenvalue of this is shown as 78.637%, which is very good because most of the researchers clarified it should be above 60% so as to be considered as good.

Fit of the SEM

Table 6: The model fit indicators demonstrate a strong fit between the proposed model and the data. before doing anything, the model must be evaluated under the assumption of the measurement of the fit measured. As with the measurement model, the following goodness-of-fit measures were evaluated: chi-square, normed chi-square (X2/df), GFI, AGFI, TLI, CFI, NFI, and RMSEA. The values for the NFI, RFI, IFI, TLI, and CFI are all greater than 0.9, while the RMSEA is less than 0.08 (Hair et al. (2014).

Table 5: Fit of the SEM

Model Fit indicators	Acceptable value	Actual Results
CMIN/DF	<5	2.642
GFI	>0.80	0.884
AGFI	>0.80	0.846
NFI	>0.90	0.914
IFI	>0.90	0.945
TLI	>0.90	0.931
CFI	>0.90	0.944
RMSEA	<0.08	0.067

The CMIN/DF value of 2.642 is well below the threshold of 5, indicating a good balance between model complexity and fit (Fornell & Larcker, 1981), whereby the fitness of the data and model recommended whereby the CMIN/DF (Chi-Squared to Degree of Freedom Ratio) should be acceptable if it's <5, and in the table we have 2.642 in the acceptable range, which means it's good and fit; secondly, GFI (Goodness of Fit Index), whereby the actual is 0.884 and acceptable should be >0.80 so it's acceptable; Thirdly, we have AGFI (Adjusted Goodness of Fit Index); the accepted value is >0.80 and actually is 0.846, which means the mode is a good fit. Additionally, NFI (Normed Fit Index), IFI

(Incremental Fit Index), TLI (Tucker-Lewis Index), and CFI (Comparative Fit Index) have an accepted value of >0.90 and the actual value of all is more than 0.9, so it shows a good fit of the model, and the last one is RMSEA (Root Mean Square Error of Approximation), which should be less than 0.8, and the actual value is 0.067, so the result of the total result is that the mode fits the indicator and shows the effective relationship between the services quality and customer satisfaction on Islamic banks in Tanzania.

Correlation Analysis

Table 6 : Correlation Matrix and Discriminant Validity

	RELI	RESP	COM	CS	ASSU	TANG	EMP
RELI	0.905						
RESP	-0.067	0.786					
COM	0.101	-0.001	0.782				
CS	0.673	-0.036	0.312	0.838			
ASSU	0.231	-0.073	0.035	0.271	0.868		
TANG	-0.011	0.052	0.191	-0.026	0.014	0.739	
EMP	0.014	0.009	0.338	0.038	0.244	0.017	0.828

Table 7: shows the correlation matrix whereby the correlation shows the relationship between of factor to another so in the table above shows that Reliability (Reli) has the strongest positive relationship with Customer Satisfaction (CSAT) of (0.673),so that means when the reliability are good and the customer satisfaction will be good (Parasuraman et al., 1988) and vice versa its true in the others side of the Responsiveness (RESP) is (-0.067) and other factors of Assurance (ASSU) is (0.231) show that their relationship its ineffective and its means that is relationship of the responsiveness and Assurance its lower where by the rate its very small of the relationship on the customer

satisfaction . But responsiveness itself has a high correlation of 0.786; compliance has 0.312, which shows a weak relationship, but the tangible variable has -0.026, which means that there is a lower relationship between the assets of the Islamic bank and customer satisfaction, but generally the reliability is the most powerful variable, which shows the high relationship between the services of the reliability and the customer satisfaction, and the lowest relationship is the tangible.

SEM Hypothesis Model

Table 7 : SEM hypothesis Result

			Estimate	S.E.	C.R.	P	Decision
CS	<---	Emp	-.116	.041	-3.021	.003	Accepted
CS	<---	Reli	.631	.032	17.759	***	Accepted
CS	<---	Tang	-.088	.038	-2.513	.012	Accepted
CS	<---	Assu	.144	.046	3.915	***	Accepted
CS	<---	Com	.311	.059	8.193	***	Accepted
CS	<---	Resp	.024	.025	.693	.488	Rejected

The table 8: shows the Structured Equational Model (SEM), which helps the researcher to recognize the relationship of the variable and to measure the strength of the variable with the direction of the hypothesis testing (Parasuraman, Zeithaml, & Berry, 1988; Cronin & Taylor, 1992). So in testing this, it shows that service quality on the reliability is 0.631 estimated, compliance is 0.311 estimated, and assurance has 0.144 and a positive impact on customer satisfaction in the Islamic bank in Tanzania. However, the responsiveness due to the $p = 0.488$, which brings the rejection of the variable, means the responsiveness of the customer does not impact customer satisfaction in Islamic banking in Tanzania. Generally, key variables that impact customer satisfaction are reliability, assurance, and competence, whereby empathy and tangibility bring a negative impact, which are -0.116 and -0.088, respectively.

Validated Conceptual Model

Figure 1: The structural equation Model is represented by the diagram that shows the relationship of the services quality and customer satisfaction of the

Islamic bank in Tanzania by regarding the depended valuable which is customer satisfaction and the independent variable which is six variable EMPATHY, RELIABILITY, TANGIBLE, ASSURANCE and COMPLIANCE on that diagram show that each variable the customer satisfaction is differed from another by starting with Reliability which show 0.63 than assurance which is 0.14 that show that influence the customer satisfaction so if the Islamic bank has the provide accuracy information to the customer ,its will contribute the customer satisfaction but on the hand of the Empathy and Tangible which are on negative side of -0.12 and -0.09 respectively that means the attention to the customer and the physical assets of the bank may not affect the customer satisfaction and Responsiveness is 0.02 that show the willingness of helping customer does not affect the customer satisfaction and the last one its error where by the $e1$ is 0.57 that show the unsolved factors but generally the finding show that the Islamic bank in Tanzania should focus on the Reliability and assurance so as to maintain their customer and satisfied them.

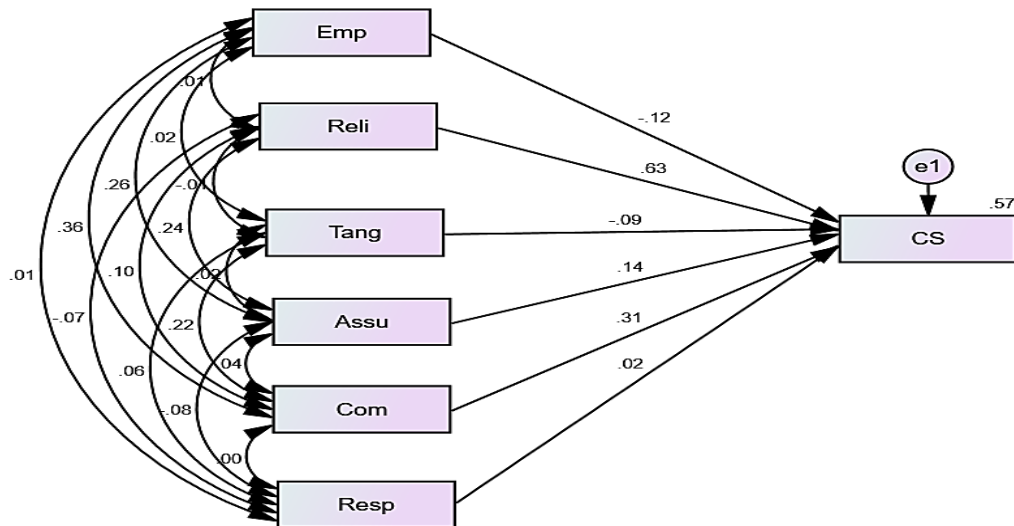


Figure 1: Validated Conceptual Model

DISCUSSION

This study aimed to assess customer perceptions of the quality of Islamic banking services in Tanzania and to explore the relationship between service quality and customer satisfaction. The results revealed that customers are generally satisfied with the services provided by Tanzanian Islamic banks. Among the service quality dimensions are Assurance (ASSUR), which had the highest mean score of 4.45212, followed closely by Empathy (EMP) with a mean of 4.4348 and Reliability (RELI) with 4.4212. Compliance (COMPL) also had a relatively high mean score of 4.361, indicating that these dimensions are critical to customer satisfaction. Other dimensions, such as tangibility (TAN) (mean = 4.0788) and responsiveness (RESPO) (mean = 3.7330), ranked lower but still showed positive perceptions among customers. The overall customer satisfaction (CSAT) mean score was 4.3322, suggesting that customers are generally satisfied with the service quality of Tanzanian Islamic banks. The findings highlight that customers in Tanzania are particularly attracted to banks because of the knowledge of the workers that makes them trust, attention to the customers, the reliability of the services in accurate ways, and the compliance of Islamic sharia. These results are in line with the previous studies by [Khamis and AbRashid \(2018\)](#) and [Ramadhan \(2023\)](#), which identified assurance, empathy, reliability, and compliance with other factors as the key determinants of the quality of the service in the Islamic bank. So, this study shows the positive correlation between service

quality and customer satisfaction in Tanzania's Islamic bank.

According to the result of the hypothesis model, it shows reliability is the one that has the strongest positive impact on customer satisfaction because the reliability ($\beta = 0.631, p < 0.001$) indicates that in Tanzania Islamic Bank, the customer regards the services, depend on the promises, and trusts the bank so as to build the belief of confidence and trust in the bank. Followed by the compliance of the Islamic shariah ($\beta = 0.311, p < 0.001$) and the same with assurance, whereby ($\beta = 0.144, p < 0.001$), so according to this data, not only reliability but also the assurance and compliance impact the customer satisfaction in Tanzania, which means the knowledge of the worker that makes the customer build their trust, their polite way of treating the customer, and helping them immediately when they have a problem, and when the bank complies with the Islamic shariah by avoiding riba, maysir, and gharar, make their quality of the services impact the customer satisfaction Ramadhan (2023). by looking the empathy and Tangible which show that ($\beta = -0.116, p = 0.003$) and ($\beta = -0.088, p = 0.012$) respectively, THAT show the relationship in negative side with the customer satisfaction that means it has relationship but in negative side where by when the bank make attention to the customer or recognizes what customer need or individualize the customer means the customer satisfaction will not impacted on the positive side and sometimes it's can decrease their satisfaction because every customer has its own thinking but his/her selfies not other so it's does not affect the positive the relationship and its accepted similarity to the Tangibility that is physically assets of the bank and sometimes bank bring the physically things to the

customer but it will not meet their need and attention and went negative way and may led the customer will not use the assets so in this show that the tangible bring the relationship in negative ways. The last is responsiveness (Resp), which was found to be irrelevant and has $\beta = 0.024$, $p = 0.488$; that means the Islamic bank's willingness to help the customers is not supported by customer satisfaction, which means there is no relationship between the responsiveness and customer satisfaction in Islamic banks in Tanzania.

So generally, the study shows the 3 variables have a serious relationship with the Islamic bank in Tanzania, which are reliability, assurance, and compliance, and that is a positive relationship to the customer satisfaction, but tangibility and empathy have a negative influence on the customer satisfaction, and responsiveness has no relationship with the customer satisfaction. So the Islamic bank in Tanzania should focus on reliability, assurance, and compliance to improve the level of their customers. This finding contrasts with studies by [Hanin Abdulrhman \(2020\)](#), who identified reliability as the strongest predictor in Oman Islamic banks, and also [Amira Najiha Abu Bakar \(2019\)](#), who explains that the Islamic bank should focus on assurance and tangibility to meet customer satisfaction. The Islamic bank in Tanzania should focus on the reliability, assurance, and compliance of their customers because their customers are attracted to the high services provided, knowledge to solve their problems, and inspiration for sharia compliance that makes them essential factors for them to choose and retain in that bank. In conclusion, the study emphasizes the crucial role of service quality in influencing customer satisfaction in Tanzanian Islamic banks. Among the service quality dimensions, reliability, assurance, and compliance were identified as the most significant predictors of customer satisfaction. However, tangibility and empathy also contributed negatively, though to a minor volume. This study highlights the need for Islamic banks to focus on enhancing these key service quality dimensions to improve customer satisfaction. Also, the findings emphasize the importance of understanding the local context, where factors such as helping customers, trust with confidence, and attention to the customer play a pivotal role in shaping customer preferences. Therefore, Islamic banks in Tanzania must adapt their services to align with high-standard services efficiently and confidently with the ability to solve their problem in a hurry, which will bring them to solve customer needs to attract new customers and retain satisfied ones.

CONCLUSION

The purpose of this study was to look at the relationship between service quality and customer satisfaction in Tanzanian Islamic banks by using the CARTER model. The results show a substantial positive association between service quality and customer satisfaction, with tangibility, responsiveness, assurance, empathy, compliance, and reliability identified as key predictors. Among these, reliability was the most influential component, followed by assurance and compliance. The findings suggest that Islamic banks in Tanzania should focus on improving three important areas of reliability, assurances, and empathy to increase customer satisfaction. These findings help Islamic banks improve their competitive strategies and attract more clients by providing services that meet customer expectations. Understanding the role of service quality in promoting customer satisfaction can help banks create effective service quality programs for their goods and services. Furthermore, this study highlights the necessity for Islamic banks to develop competitive strategies that can meet the increased demand for innovative banking products. Additionally, the study provides a foundation for future academic research, notably in the areas of Shariah compliance and the institutional support of Islamic banking in Tanzania because it's very few compared to other countries. Future research that addresses these issues can help to deepen our understanding of Islamic banking practices in Tanzania, enriching the literature and ensuring the legitimacy of Shariah-compliant financial operations.

Recommendations

According to the conclusions of this study, Islamic banks in Tanzania should prioritize improving service quality by emphasizing essential elements such as reliability, assurance, and compliance. Reliability was found to be the most significant predictor of customer satisfaction, implying that bank officers should be willing to provide the services in an efficient, accurate, and best way to assist customers with their problems considerably and excellently. A customer-centric strategy, in which employees actively listen to and understand customers' demands, will develop connections and increase satisfaction. In addition, the bank should give employees training to improve their ability to transfer trust and confidence to customers, such as customer care and other programs that promote polite customer service. Finally, Islamic banks should prioritize rigorous adherence to Islamic principles in

their products and services to promote transparency and confidence. To complement this, banks might speed up efforts to educate clients about Shariah-compliant offerings, which would not only enhance trust but also attract a larger customer base. Emphasizing the ethical and moral benefits of Islamic banking could help these institutions stand out in a competitive market, attracting both Muslim and non-Muslim consumers looking for ethical financial solutions. In the future, it is also necessary to measure sentiment (Hakim et al., 2022) so that Islamic banking policies in Tanzania are more appropriate.

REFERENCES

- Agbor, J. M. (2011). The relationship between customer satisfaction and service quality: A study of three service sectors in Umeå.
- Ahmed, H., & Rehman, A. (2010). Dynamics of dual banking systems. *Journal of Islamic Banking*.
- Alain, C. H. A. B. O., Rostin, M. M., Joël, K. N., Hippolyte, M., Donatien, K., Koffi, T., ... & Situakibanza, H. (2020). Development and validation of a customer satisfaction measuring instrument with laboratory services at the University Hospital of Kinshasa.
- Alam, N., & Al-Amri, H. A. (2020). Service quality perception and customer satisfaction in Islamic banks of Oman. *The Journal of Asian Finance, Economics and Business*, 7(9), 499–504.
- Amin, M., & Isa, Z. (2008). An examination of the relationship between service quality perception and customer satisfaction: A SEM approach towards Malaysian Islamic banking. *International Journal of Islamic and Middle Eastern Finance and Management*, 1(3), 191–209.
- Anouze, A. L. M., Alamro, A. S., & Awwad, A. S. (2019). Customer satisfaction and its measurement in Islamic banking sector: A revisit and update. *Journal of Islamic Marketing*, 10(2), 565–588.
- Asnawi, N., Sukoco, B. M., & Fanani, M. A. (2020). The role of service quality within Indonesian customers satisfaction and loyalty and its impact on Islamic banks. *Journal of Islamic Marketing*, 11(1), 192–212.
- Balinado, J. R., Prasetyo, Y. T., Young, M. N., Persada, S. F., Miraja, B. A., & Redi, A. A. N. P. (2021). The effect of service quality on customer satisfaction in an automotive after-sales service. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(2), 116.
- Chalu, H. (2014). Challenges in Sharia compliance in Tanzanian Islamic banks. *African Journal of Business Studies*.
- Cronin, J. J., & Taylor, S. A. (1992). SERVPERF: A multiple-item scale for measuring service quality. *Journal of Retailing*, 68(1), 14–40.
- Cronin, J. J., & Taylor, S. A. (1994). SERVPERF versus SERVQUAL: Reconciling performance-based and perceptions-minus-expectations measurement of service quality. *Journal of Marketing*, 58(1), 125–131.
- Dresner, M., & Xu, K. (1995). Customer service, customer satisfaction, and corporate performance in the service sector. *Journal of Business Logistics*, 16(1).
- Eckert, C., Neunsinger, C., & Osterrieder, K. (2022). Managing customer satisfaction: Digital applications for insurance companies. *The Geneva Papers on Risk and Insurance-Issues and Practice*, 47(3), 569–602.
- Faosiy, A., Ahmed, K., & Adekunle, R. (2016). Growth of Islamic banking in Africa. *Journal of Islamic Finance Studies*.
- Fauzi, A. A., & Suryani, T. (2019). Measuring the effects of service quality by using the CARTER model towards customer satisfaction, trust and loyalty in Indonesian Islamic banking. *Journal of Islamic Marketing*, 10(1), 269–289.
- Fida, B. A., Ahmed, U., Al-Balushi, Y., & Singh, D. (2020). Impact of service quality on customer loyalty and satisfaction in Islamic banks in Oman. *International Journal of Islamic Marketing*.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis* (7th ed.). Prentice Hall.
- Hakim, B. A. H., Mujahidah, A. S., & Rusydiana, A. S. (2022). Sentiment analysis on Halal certification. *Harmoni*, 21(1), 78-93.
- Hallencreutz, J., & Parmler, J. (2021). Important drivers for customer satisfaction—From product focus to image and service quality. *Total Quality Management & Business Excellence*, 32(5-6), 501–510.
- Hammoud, J., Bizri, R. M., & El Baba, I. (2018). The impact of e-banking service quality on customer satisfaction: Evidence from the Lebanese banking sector. *Sage Open*, 8(3), 2158244018790633.
- Hosen, M. N., Lathifah, F., & Jie, F. (2021). Perception and expectation of customers in Islamic bank perspective. *Journal of Islamic Marketing*, 12(1), 1–19.
- Hossein, H., & Sahel, M. (2013). Service quality dimensions and customer satisfaction in banking. *Journal of Islamic Marketing*, 4(3), 856–870.
- Islamic Financial Services Board. (2018). *Global Islamic Finance Report*.
- Khafafa, A. J., & Shafii, Z. (2013). Measuring the perceived service quality and customer satisfaction in Islamic bank windows in Libya

- based on structural equation modelling (SEM). *Afro Eurasian Studies*, 2(1-2), 56–71.
- Khamis, F. M. D., & AbRashid, R. (2018). Service quality and customer satisfaction in Tanzania's Islamic banks: A case study at People's Bank of Zanzibar (PBZ). *East African Banking Review*.
- Kumra, R. (2008). Service quality in banking: A comparative study. *The Indian Journal of Commerce*, 61(2), 115–123.
- Lestari, E., Sularso, R. A., Suroso, I., Irawan, B., Afandi, M. F., & Susanto, A. B. (2023). The effect of service quality based on the CARTER model on bank customer loyalty.
- Minhaj, S. M., & Khan, M. A. (2025). Dimensions of E-Banking and the mediating role of customer satisfaction: A structural equation model approach. *International Journal of Business Innovation and Research*, 36(1), 42–57.
- Noor, H. M., & Foo, J. (2014). Determinants of customer satisfaction of service quality: City bus service in Kota Kinabalu, Malaysia. *Procedia - Social and Behavioral Sciences*, 153, 595–605.
- Othman, A., & Owen, L. (2001). Adopting and measuring customer service quality in Islamic banks. *International Journal of Islamic Financial Services*, 3(1).
- Othman, A., & Owen, L. (2001). The multi-dimensionality of Carter Model to measure customer service quality (SQ) in Islamic banking industry: A study in Kuwait Finance House. *International Journal of Islamic Financial Services*, 3(4), 1–12.
- Panda, T. K. (2003). Creating customer loyalty in the banking industry. *International Journal of Bank Marketing*, 21(1), 5–16.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12–40.
- Ramadhan, M. K. (2023). Services quality or Sharia compliance? Factors influencing customer selection of Islamic banks in Tanzania. *Tanzania Banking Journal*.
- Salim, A. (2012). Operational challenges in Tanzanian Islamic banks. *Tanzanian Business Review*.
- Shek, D. T., & Yu, L. (2014). Confirmatory factor analysis using AMOS: A demonstration. *International Journal on Disability and Human Development*, 13(2), 191–204.
- Tien, N. H., Anh, N., Dung, H., On, P., Anh, V., Dat, N., & Tam, B. (2021). Factors impacting customer satisfaction at Vietcombank in Vietnam. *Himalayan Journal of Economics and Business Management*, 2, 44–51.
- Tsoukatos, E., & Rand, G. K. (2007). Cultural influences on service quality and customer satisfaction: Evidence from Greek insurance. *Managing Service Quality*, 17(5), 467–485.
- Van Truong, H., Pham, C. H., & Vo, N. H. (2016). Service quality and students' level of satisfaction in private colleges in Vietnam. *International Journal of Financial Research*, 7(3), 121–128.
- Wang, C. K., Masukujjaman, M., Alam, S. S., Ahmad, I., Lin, C. Y., & Ho, Y. H. (2023). The effects of service quality performance on customer satisfaction for non-banking financial institutions in an emerging economy. *International Journal of Financial Studies*, 11(1), 33.
- Yan, D., Wang, C., Sun, T., & Wen, D. (2024). The impact of service experience on sustainable customer engagement: The mediation of green perceived value and customer satisfaction. *Corporate Social Responsibility and Environmental Management*, 31(3), 2175–2194.
- Yusup, D. (2019). Analysing the effect of service quality on customer satisfaction in Islamic banking in West Java. *International Journal of Islamic Economics and Finance*.
- Zouari, G., & Abdelhedi, M. (2021). Customer satisfaction in the digital era: Evidence from Islamic banking. *Journal of Innovation and Entrepreneurship*, 10, 1–18.
- Zubair, A., & Hasan, H. (2020). Exploring service quality in Islamic banking industry of Afghanistan: An analysis of customer satisfaction. *IRASD Journal of Economics*, 2(2), 73–.