Impact of Customer Satisfaction on Leasing in Interest-Free Banking System

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ABSTRACT

Attaining customer satisfaction becomes the target of every organisation, but the way of achieving customer satisfaction seems too complicated or not possible as a result of many overarching factors. This research investigates the effect Ijarah product's quality characteristics on customer satisfaction. The study aims to identify the Islamic banking product's characteristics and to determine their impact on customer satisfaction using an Islamic bank as a case study. Three research questions and four hypotheses were formulated to guide the study. The methodology employed was a quantitative approach using a questionnaire as an instrument for data collection. The study has the customers of Ja'iz bank Nigeria Plc as its targeted population from which the sample of the study was drawn. A convenient sampling method was adopted to draw the respondents from the customers of the Ja'iz bank Plc. in Northern Nigeria. Hence self-administered questionnaire was used to gather the data. The survey findings were analyzed using the Statistical Package for Social Sciences (SPSS) version 23.0 and Partial Least Square-Structural Equation Modeling (PLS-SEM-3). The findings show that the constructs (Perceived quality, Cost, Convenience and Compliance) of Ijarah product were strong in determining the satisfaction of customers as they produced R^2 of 0.35 which means the constructs were moderate in determining customer satisfaction. Overall, the research found that customer satisfaction was affected by the products quality features as the model shown 46.8 per cent ($R^2 =0.468$) of the variance. Thus, customers were moderately satisfied with the cost, perceived quality, convenience, and compliance with this product (Ijarah).

Keywords: Islamic bank, product quality, Ijarah (Leasing), customer satisfaction.

INTRODUCTION

The service industry has so many vital players of which Banking is one of them; banking is regarded as not only a business dealing with financial transactions alone but also a business set up that is irresistibly aiming for winning the hearts of customers and retaining existing ones. In the case of Islamic banking, the satisfaction of customers as regards their products and services is of paramount important, mostly for the fact that there is an ongoing competition between the Islamic bank and the well-established conventional banks in such countries that allow the dual system of banking like Nigeria, Malaysia, Egypt, Ghana and so on. Therefore, higher attention is necessarily needed to be given for the actualisation of a broad range of products and services to achieve higher or maximum customer satisfaction level and other difficult prerequisites of the businesses, in addition to improving the total efficiency for the provision of products and services.

Many studies were conducted on the satisfaction of customers of Islamic banking, through the assessment of customers' views concerning service quality of the bank, but the aspect of the product quality as perceived by the customers was mostly ignored. This gap was attempted to be filled in this study by exploring the satisfaction level of customers in using one of the core products of Islamic bank (Ijarah), assessing it from the product's characteristics which include; The perceived quality, Cost, Convenience and Compliance (with the dictates of Shariah).

The Ijarah is an Arabic term which means 'to lease'. It is one of the products offered by Islamic banks to customers who want to acquire a car or any other product through the system of Leasing for rental payments. The needed item is available for single and corporate customers. The system works as follows;
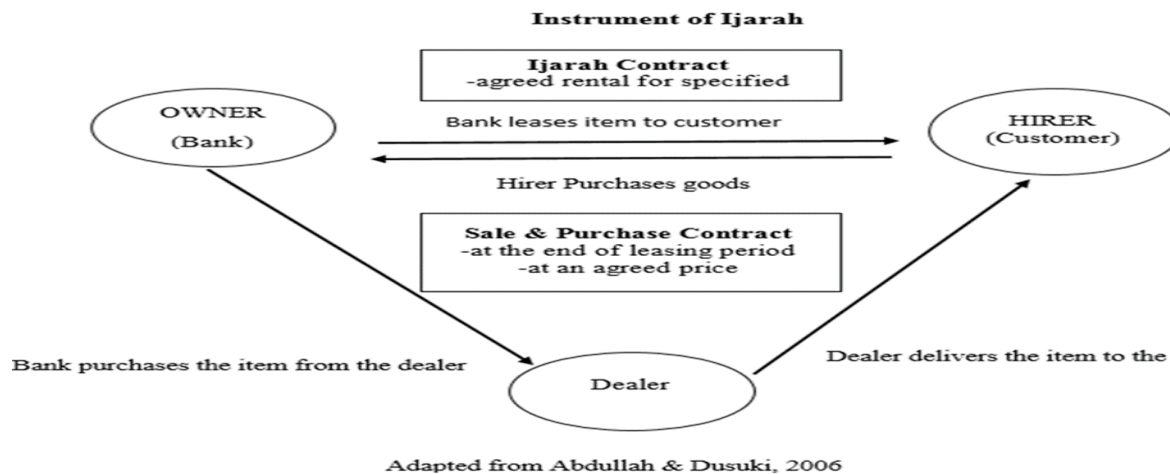

Figure 1: The process of Ijarah financing

Figure 1 shows the operation of Ijarah product whereby, a customer requested for an item (a car) from the bank, and the bank meets a car dealer, negotiates and obtain the vehicle as specified by the customer, then the bank leases out the vehicle to the concerned customer under the arrangement of Ijarah for a period of 4 years, after which, the customer assumes possession of the car against his preliminary security deposit. This work attempts to study the degree of satisfaction derives by the customers under Ijarah financing.

LITERATURE REVIEW

Principles of Islamic banking

The fundamental doctrines of Islamic banking are among others; The profit and loss are sharing where the debtor and the financier distribute the gains, as well as the loss incurred from the business with the money obtained from the financier. The primary aim is that the general community should benefit from such activities.

Forbiddance of investing resources into unlawful organizations: Islamic law restricts putting resources into illicit organizations, for example, organizations include the offering of liquor or pork; or organizations that deliver media, for instance, chatter section or erotica, or betting industry. Islamic law denies the acceptance and giving interest, Kumar and Shehryar (2017). The divulgences becoming exposed for the forbiddance of interest by Islamic laws are; the intrigue denies somebody of the favours of 'Allah' as it prompts detracting from property having a place with somebody. Muslims should avoid interest in their welfare as it, in the end, welcomes 'Allah's fierceness. The diagram below shows the flow of the principles of Islamic finance;
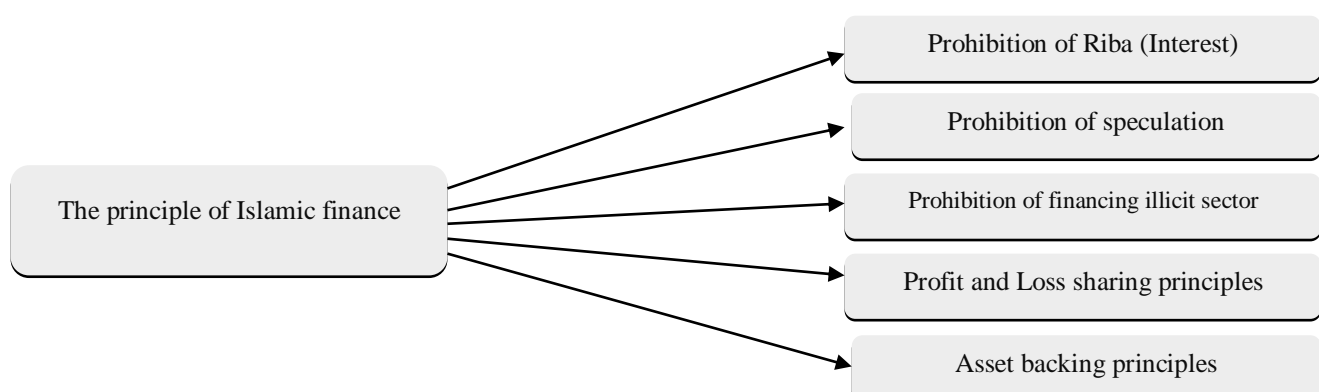

Figure 2: The principles of Islamic finance

The figure (1) presented the flow of the principles of Islamic finance that guides the operations and practices of the all the institutions of Islamic finance. The Shari'ah law averts the taking of any concurred and pre-masterminded sum far beyond the real primary sum from the account holder. What's more, in the circumstance of disappointment (from the borrower) to reimburse the principal, then, they ought to likewise do without their interest in the major. The Islamic law denounces the individuals who request for as well as the individuals who pay interest, Ahmad et al.,(2018). All Islamic banks concur on similar key standards. Notwithstanding, the individual banks shift in their application. These dissimilarities can be a direct result of a few reasons including the laws of the nation, destinations of the distinctive banks, singular banks conditions, and encounters, the need to collaborate with other conventional banks, etc.

The dimensions of quality

Product Quality is considered as the meeting up with customers' desires or conformance, concerning all relevant dimensions, it is the equilibrium point where the customers' expectation intersects with the value or usefulness the product can offer. The degree of excellence is extensively used to refer to as "quality". The concept has been in existence for quite a long time, and it has been used to measure the quality of products and services in the primordial times (Alamad, 2019). Garvin (1998), however, identified eight key attributes that a product or service must have to be considered of high quality. Eckel et al defines the eight principal quality dimensions. (2015); Manova & Zhang, (2017) are:

(1) Performance – This involves the fundamental role of the goods or services, or it shows how certain is the products or services in accomplishing its targeted goal.

(2) Features – This includes some optional attributes like additional finished-ups, "bells and whistle" that the goods or services have or other characteristics available in the products or services.

(3) Reliability – This is referred to as the measure of dependability of the performance of the products and services in a length of time.

(4) Durability – This measures the vital existence of the goods and services

(5) Serviceability – This concerns the simplicity of examining or overhauling the goods or services when the need arises, or settling disputes and clashes or attending to customers grievances amicably by the service providers. Most of the cases under this dimension concerns with the services after sales.

(6) Conformance –These deals with satisfaction derivable (by the customers) from the usage of the products or services compared to what the customers were expecting before using the products or services.

(7) Perceived quality – is regularly referred to as 'reputation' because it is the apparent reputation of the goods or services in light of previous performance and supplementary intangibles that may impact its apparent quality.

(8) Aesthetics – Concerns the physical attributes and outward appearance of the goods or services. Features like, feel, looks, and sounds are vital.

Proposed constructs of the research

As identified in the conceptual framework, the customer satisfaction model proposed in this thesis is developed through the review of the literature, incorporating elements that have not been presented in a single model. That is to say; this thesis provides insights into an effective customer satisfaction survey by suggesting factors that are influencing the satisfaction of customers. This is in addition to the purpose of investigating the specific relationships between the constructs, including the product features (perceived quality, cost, convenience, and compliance) and customer satisfaction. Table 1 shows some of the related works and their respective constructs of the studies.

Table 1: Constructs used in previous studies

Author (Year)	Constructs				
	Perceived quality	Cost	Convenience	Compliance	Customer Satisfaction
Mustapha et al., (2017)	✓			✓	✓
Asim, Hamid & Ishaq (2016)	✓	✓		✓	✓
Hamza, Ishak & Nor., (2015)	✓				✓
Sani et al., (2014)	✓				✓
Akbar et al., (2014)	✓	✓		✓	✓
Badara et al., (2013)	✓				✓
Aliyu et al., (2014)		✓	✓		✓
Kassim & Abdullah (2010)		✓	✓		✓

Table 1 shows previous studies, and their respective constructs studied. In other words, this section establishes the foundation to critically review the rationale for the choice of the constructs proposed in the conceptual model. These five constructs were selected for the study because of the absence of any relevant study comprising the five (5) constructs in a single model, and Ijarah product was selected as it is one of the highly patronised products by Islamic bank customers (Hussain, Qurashi & Nazir, 2018).

Customer satisfaction in Islamic banking

Research in services marketing has widely shown that customer satisfaction leads to customer loyalty (Liljander and Mattson 2002). For instance, Crosby and Stephens (1987), found that whether customers had replaced their insurance policies or allowed them to lapse depended on their prior satisfaction with the whole life coverage. Similarly, in their studies, Metawa and Al-Mossawi, (1998); on a series of Islamic banks found that intentions to repurchase were positively related to core-service satisfaction. Another finding from a sample of Jordan Islamic bank customers showed that loyalty to the bank recorded a significant impact on customer satisfaction. While results from the work of Jamal and Naser (2003), posited the proof of the positive impact of customer satisfaction from various service industries in both Islamic banks, and essential service on customer intention to put the facilities into use over and over, and endorse the services of Islamic banks to a colleague.

The nexus among satisfaction, the Islamic bank, and trust, trust has been regarded universally as an all-inclusive impression of the Islamic bank. Satisfaction encounters are presumably to strengthen the trust of customers in the Islamic bank as "a collective practice that develops over the sequence of repeated, successful contacts" (Gee, Coates & Nicholson, 2008; p.4). An exceedingly satisfying experience with the Islamic bank might not only reassure the customer that his confidence in the provider of the service is rightly placed but also to augment it (Mettawa and Mossawi, 1998). This argument was buttressed by an empirical study in marketing (Selnes, 1998), and in consumer behaviour works (Garbarino and Johnson, 1999). To the exclusive features of

the Islamic banking arrangement, a customer acquires natural satisfaction in the general facets of the products and services offered by Islamic banks. Islamic banks, therefore, have a competitive advantage about enjoying customer confidence.

For instance, it is mainly agreed upon that a satisfied customer can engage in a repeat purchase, and this results in a solid loyalty to the bank. As asserted by East (1997), customers who are satisfied are possibly involved in selling the excellent image of the company to others.

The proposed Framework of the study

After the extensive review of relevant literature from the field of Islamic finance and customer satisfaction, the following proposed framework was presented;
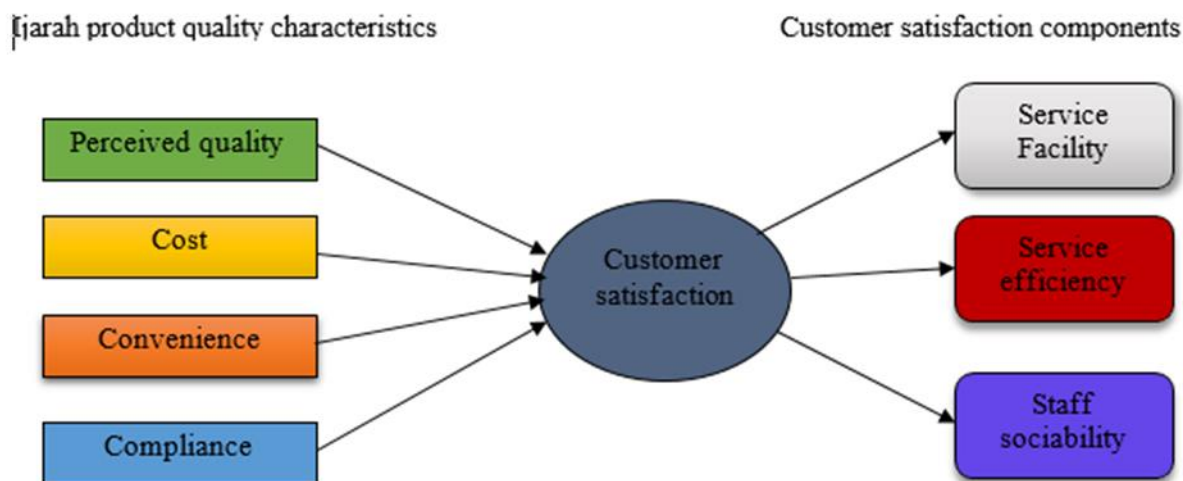

Figure 3: The proposed framework of the study

The framework shows the effect of each of the constructs on the customer satisfaction components with the following sets of hypotheses;

1. Perceived quality of Ijarah has an effect on customer satisfaction.

2. Cost of maintaining Ijarah has an effect on customer satisfaction

3. Convenience (Ijarah) has an effect on customer satisfaction

4. Compliance (Ijarah) has an effect on customer satisfaction.

Research instrument Scale Development Process

This current study employed the use of a questionnaire as an instrument to collect the data for this study. The questionnaire is defined as a method to gather information related to the opinions of a large group of people (Nor Khalil & Pearson, 2008). A standardized questionnaire exposes each respondent to the same set of questions. This study applied a structured questionnaire in testing the impact of Islamic bank products features on customer satisfaction. A questionnaire is chosen for this study because it is considered as one of the appropriate data collection instruments for survey research (Asika, 1991). Specific information about views, attitude, and perceptions of a group of respondents which are difficult to measure using observational technique can easily be elicited through a questionnaire (Jon & Stanley, 2010). Another reason for choosing a questionnaire as an instrument for this study is that the data collected through a survey can be possibly analysed easily. Data entry and analysis for the survey can be done using computer software packages such as the SPSS (Deng & Yuen, 2011). The selection of scale items that are used to measure the constructs in this thesis, which are the product's features (Perceived quality, Cost, Convenience and Compliance) of the Islamic banking product (Ijarah), and customer satisfaction. Churchill & Gilbert (1979) recommended that the

researcher might include items with slightly different shades of meaning because the original list will be refined to produce the final measure.

Hence, the included items represent the products of an Islamic bank, the features of the products and customer satisfaction chosen from the literature and found to be the representative of customers perception as the users of the Islamic banking products in determining their satisfaction. The scale items used have been adapted from studies with valid and reliable measures of similar constructs, and the new scales were developed using items from various scales in the previous studies; hence, validity and reliability were examined to ensure the new scales are acceptable. Table 2 shows the summary of the number and source of the items used to test each construct.

Table 2: Total of number of scale items used in this study

Construct	Number of items	Source
Perceived quality	6	Adeola & Adebiyi (2014); Bashir, Machali & Mwinyi, (2012); Hassan, Chachi & Latiff, (2008)
Convenience	5	Dalhatu et al., (2014); Rana (2013); Olatokun & Igbinedion (2009)
Cost	5	Rana (2013); Ma (2012); Kumbar (2011); Fleming (2011)
Compliance	5	Abdul (2017); Samani., (2013); Ahmad & Haron (2002); Metawa & Almossawi (1998)
Customer satisfaction	12	Kadir et al., (2011); Hazlina et al., (2011); Munusamy, Chelliah& Mun., (2010); Alhawary (2013)

Likert scales were employed in the questions to maximise the specificity and usefulness of the data received (Cohen et al., 2006). Likert-type scales are essential when measuring latent constructs consisting of characteristics of people such as attitudes, feelings, and opinions as obtainable in this study. All the constructs in this study have been operationalised using 5-point Likert scales, ranging from (1= strongly disagree) to (5 = strongly agree), except the demographic variables, which were assessed on a different scale. These scales can also be described as comprising of three or more ordinal scale categories that are positioned along a continuum and often have a neutrality option, such as "moderate/neutral". Likert scales have the merits of taking less time, easy to answer and are used widely in service delivery research. According to Tung (2013), using Likert scales with a five-point, seven-point or ten- point format is suitable for ease of use. The multi-items for each construct are selected to provide a comprehensive evaluation and to overcome the shortcoming of a single item measure, and achieve a valid measurement of complex factorial constructs. Table 2 lists the number of questionnaire items and their sources that made up each construct. Scale items have been modified for this study to reflect the understanding of the customers better, and have been validated by conducting pre-test procedures. The (self-administered) questionnaires were distributed through a convenient and snow-balling method.

RESULTS AND DISCUSSION

Before the main study was conducted, the pilot study exercise was carried out to determine the reliability of the selected measurement items to improve the study design. 40 questionnaires were randomly distributed for pilot testing, out of which 37 were retrieved, and 35 were considered usable for the analysis representing (92.5% returned and 87.5% usable) respectively. The results contain the analysis of the normality and reliability of the data, and the preliminary Exploratory Factor Analysis (EFA).

Factor Analysis

A Principal Component Analysis (PCA) was conducted on all the five (5) constructs that made up of 76 items with orthogonal rotation (varimax). The respective Kaiser-Meyer-Olkin (KMO) of the extracted five components with the values of the acceptable limit of .5 which verified that the sample is adequate for the analysis (Field, 2012). The Bartlett's test of sphericity X2 were all less than 0.5 (p<.000), indicating that correlations between items were sufficiently large for PCA. An initial analysis was run to obtain eigenvalues for each component in the data. Table 4 shows the factor loadings after rotation. All items in each component load on one factor which indicates that these components represent the respective constructs.

Table 4: Factor Loadings after rotation

Construct		Items	Factor Loadings	Total Variance Explained	KMO
Ijarah investment	Perceived quality	IPQ1	.513	53.29	.692
		IPQ2	.805		
		IPQ3	.764		
		IPQ4	.875		
		IPQ5	.774		
		IPQ6	.583		
	Cost	ICO1	.784	60.94	.519
		ICO2	.874		
		ICO3	.864		
		ICO4	.560		
	Convenience	ICV1	.898	67.93	.569
		ICV2	.926		
		ICV3	.611		
	Compliance	ICP1	.636	58.01	.547
		ICP2	.869		
		ICP3	.762		
Customer satisfaction		CS3	.955	83.75	.912
		CS1	.943		
		CS2	.938		
		CS5	.935		
		CS4	.933		
		CS6	.929		
		CS7	.921		
		CS9	.881		
		CS10	862		
		CS11	848		

Reliability Analysis

It is recommended that upon identifying the underlying structure of the data through the EFA, a reliability analysis be conducted to establish the reliability and validity of the constructs further and by extension the questionnaire (Klyuvak & Skrynkovskyy, 2018; Muhammed et al., 2018). The constructs reliability was tested using the Cronbach's Alpha method. The acceptable threshold for scale reliability is .70 and above, although .60 is also regarded as acceptable when the study is at its exploratory stage (Muhammed et al., 2018). Table 4.2 shows the result of the reliability analysis. The reported Scale's Cronbach's Alpha indicated that all the scales are reliable as they all meet up the threshold. The Customer satisfaction subscale reported the highest alpha value (α=.978) while Wadiah perceived quality reported the lowest alpha of value of (α=.748). The reported alpha value of the remaining scales also satisfied the recommended threshold of .70 as shown in table 5. In general, therefore, it could be concluded that the scales are reliable and could be used in computing what they were intended to measure.

Table 5: The reliability analysis of the constructs.

Construct		Items	Items Cronbach Alpha	Scale Cronbach Alpha
Ijarah investment	Perceived quality	IPQ1	.822	.810
		IPQ2	.761	
		IPQ3	.782	
		IPQ4	.741	
		IPQ5	.761	
		IPQ6	.810	
	Cost	ICO1	.714	.768
		ICO2	.650	
		ICO3	.645	
		ICO4	.822	
	Convenience	ICV1	.731	.840
		ICV2	.622	
		ICV3	.916	
	Compliance	ICP1	.749	.808
		ICP2	.640	
		ICP3	.801	
Customer satisfaction		CS3	.955	.978
		CS1	.943	
		CS2	.938	
		CS5	.935	
		CS4	.933	
		CS6	.929	
		CS7	.921	
		CS9	.881	
		CS10	.862	
		CS11	.848	

Descriptive presentation and analysis

This section describes the data collected in tabular form using frequency, percentages, mean. It gives the overall outlook of the data and all the research constructs.

Overall Responses on the level of Satisfaction with the product's features

This section describes and analyses the respondents" general satisfaction base on their experience with the product.

In this study, to analyze the scaled level of responses, the mean score decision interval was adapted from Hassanain & Iftikhar (2015) from which the following interval decisions were deduced.

i. Mean score interval between 1.00 and 1.80 represent very poor/very dissatisfied

ii. Mean score interval between 1.81 and 2.60 represent poor/dissatisfied

iii. Mean score interval between 2.61 and 3.40 represent moderate

iv. Mean score interval between 3.41 and 4.20 represent good/satisfied

v. Mean score interval between 4.21 and 5.00 represent very good/very satisfied

Respondents level of satisfaction with the perceived quality of Ijarah

Respondents' level of satisfaction with the perceived quality of Ijarah is measured by six items coded from IPQ1 to IPQ6 as presented in Table 6.

Table 6: Respondents level rating of satisfaction with the perceived quality of Ijarah

Code	Statements	SD=1 (%)	D=2 (%)	N=3 (%)	A=4 (%)	SA=5 (%)	Mean
IPQ1	The needed items for leasing are available	6	14	64	127	92	3.01
		2.0%	4.6%	21.1%	41.9%	30.4%	
IPQ2	The process for assessing the leased items is easy	10	14	74	150	55	2.54
		3.3%	4.6%	24.4%	49.5%	18.2%	
IPQ3	The leased item meets my specifications	12	12	49	154	74	2.79
		4.0%	4.0%	16.2%	51.0%	24.5%	
IPQ4	The leased item is of standard quality	7	10	49	148	89	4.08
		2.3%	3.3%	16.2%	48.8%	29.4%	
IPQ5	The period for repayment is acceptable	0	19	63	97	124	4.08
		0.0%	6.3%	20.8%	32.0%	40.9%	
IPQ6	The leased item is supplied on time	0	4	72	103	123	4.14
		0.0%	1.3%	23.8%	34.1%	40.7%	
AGGREGATES							3.44

 1=Strongly Disagree (SD); 2=Disagree (D); 3= Neutral (N); 4=Agree (A); 5=Strongly Agree (SA)

Table 6 revealed the respondents' satisfaction with the perceived quality of Ijarah. Respondents agree with the availability of the leasing items easy accessibility to the items 72% and 68% respectively, 21% and 24% were

not decided while 2% and 3% respectively disagree to that effect. On the item meeting customers' specification and its quality, 76% and 78% respectively agreed that the leased items meet their specification and the items are of good quality, 16% each were undecided, while 4% and 2% respectively disagree. The customers agreed by 73% and 75% respectively that the repayment period given to them by the bank is acceptable and also the leased items are being supplied on the stipulated time, 21% and 24% respectively were undecided while1% and 6% disagree respectively to that effect. The aggregate mean score of the perceived quality of Ijarah was found to be moderate (3.44) which implies that customers are aggregately satisfied with the perceived quality of Ijarah as offered by Ja'iz bank Plc.

Respondents level of satisfaction with the cost of using Ijarah

Respondents' level of satisfaction with the cost of using Ijarah is measured by four items coded from ICO1 to ICO4 as presented in Table 7.

Table 7: Respondents rating of satisfaction with the cost of using Ijarah

Code	Statements	SD=1 (%)	D=2 (%)	N=3 (%)	A=4 (%)	SA=5 (%)	Mean
ICO1	The charge involved is fair	0	23	80	153	47	3.74
		0.0%	7.6%	26.4%	50.5%	15.5%	
ICO2	The rate of repayment is acceptable	4	21	54	170	54	3.04
		1.3%	6.9%	17.8%	56.1%	17.8%	
ICO3	There are no hidden charges	9	22	59	119	94	3.88
		3.0%	7.3%	19.5%	39.3%	31.0%	
ICO4	The risk involved is minimal	9	1	66	138	88	3.98
		3.0%	0.3%	21.9%	45.7%	29.1%	
	AGGREGATES						3.66

1=Strongly Disagree (SD); 2=Disagree (D); 3= Neutral (N); 4=Agree (A); 5=Strongly Agree (SA)

Table 7 revealed the respondents' satisfaction on the cost chargeable in Ijarah, the respondents agree that the charges involved is fair, and the acceptability of the rate of repayment by 66% and 72% respectively, 26% and 18% respectively were not decided, while 8% each disagree to that. On the hidden charges and involvement of risk, the respondents agreed by 70% and 75% respectively that they are satisfied with the absence of hidden charges and minimal involvement of risk in all the process, 16% and 22% were not decided while 10% and 3% disagree. The aggregate mean score of 3.66 falls within the region of good/satisfied, which signifies that the customers are satisfied with the cost incurred in using Ijarah investment in Ja'iz bank Plc.

Respondents level of satisfaction with the convenience in using Ijarah

Respondents' level of satisfaction with the convenience in using Ijarah is measured by three items coded from ICV1 to ICV3 as presented in Table 8.

Table 8: Respondents rating of satisfaction with the convenience in using Ijarah

Code	Statements	SD=1 (%)	D=2 (%)	N=3 (%)	A=4 (%)	SA=5 (%)	Mean
ICV1	I feel convenient in using the leased item	14	6	48	176	59	3.90
		4.6%	2.0%	15.8%	58.1%	19.5%	

ICV2	I am comfortable with the state of condition of the item	5	9	36	139	114	**3.88**
		1.7%	3.0%	11.9%	45.9%	37.6%	
ICV3	I am convenient with the whole process	6	17	41	109	128	**4.06**
		2.0%	5.6%	13.5%	36.0%	42.2%	
AGGREGATES							**3.95**

1=Strongly Disagree (SD); 2=Disagree (D); 3= Neutral (N); 4=Agree (A); 5=Strongly Agree (SA)

Responses on the convenience of the customers in using Ijarah indicate that 78%, 84%, and 78% agree that they feel convenient in using the leased item, the state of condition of the is comfortable, and the whole process of the leasing agreement is convenient respectively, 16%, 12%, and 14% respectively were not decided, while 7%, 5%, and 7% disagree on that regard. And the aggregate mean score of 3.95 also determines that they are satisfied with conveniences in using Ijarah investment.

Respondents level of satisfaction with the compliance of Ijarah

Respondents' level of satisfaction with the compliance of Ijarah is measured by three items coded from ICP1 to ICP3 as presented in Table 9.

Table 9: Respondents rating of satisfaction with the compliance of Ijarah

Code	Statements	SD=1 (%)	D=2 (%)	N=3 (%)	A=4 (%)	SA=5 (%)	Mean
ICP1	The process is shari'ah compliant	9	11	66	94	123	**4.03**
		3.0%	3.6%	21.8%	31.0%	40.6%	
ICP2	There is no exploitation in the agreement	21	1	33	124	123	**3.71**
		6.9%	0.3%	10.9%	40.9%	40.6%	
ICP3	There is no uncertainty (Gharar) in the contract	5	20	25	100	152	**2.84**
		1.7%	6.6%	8.3%	33.0%	50.2%	
AGGREGATES							**3.52**

1=Strongly Disagree (SD); 2=Disagree (D); 3= Neutral (N); 4=Agree (A); 5=Strongly Agree (SA)

Responses on the compliance of Ijarah to the principles of shari'ah show that the process of the transaction on the investment show satisfaction of the customers by 72%, 22% were undecided while 6% disagree with the compliance of shari'ah in the process. On the part of exploitation of the customers by the bank and in the case uncertainty (gharar) in the contract, the customers were also satisfied by 82% and 83% respectively that there is no exploitation, and there is also no uncertainty in the process, 11%, and 8% were not decided while 7% and 9% respectively disagree to that effect. The aggregate mean score of 3.52 suggests that customers are satisfied with the compliance of shari'ah in the process of the transaction on Ijarah investment.

Convergent Validity and Reliability

The assessment of the Convergent validity was done using the factor loadings, t- statistics, Average Variance Extracted (AVE) and composite reliability. When the factor loadings are found to be high and statistically significant, then the Convergent validity is said to have been achieved. Wong, (2013), asserted that a t-statistic value above 1.96 indicates a significant outer loading. Average Variance Extracted (AVE) is recommended to be above 0.5, while composite reliability is recommended to be above 0.6 (Bagozzi & Yi, 1988). The use of Average Variance Extracted (AVE) to measure the convergent validity ensures that each measurement model

measures what it is supposed to measure. It also shows that the constructs are free from measurement errors. It shows that the items in the construct are valid and reliable which ensure the accuracy of the research findings.

Outer (measurement) model of Ijarah perceived quality towards customer satisfaction.

Table 11: An outer model of Ijarah perceived quality towards customer satisfaction

Items	Factor Loadings	T-value	Average Variance Extracted (AVE)	Composite Reliability (C.R)
IPQ1	0.765	8.182**	0.557	0.897
IPQ2	0.842	10.805**		
IPQ3	0.442	2.945**		
IPQ4	0.754	7.103**		
IPQ5	0.864	10.493**		
IPQ6	0.735	10.229**		

Significant level **$p<0.05$

Table 11 is the outer model of Ijarah perceived quality towards customer satisfaction construct presenting the factor loadings, t-statistics, Average Variance Extracted (AVE) and composite reliability. The entire items factor loadings, ranging from 0.442 to 0.864 were significant at 0.001 level, with t-statistics value ranges from 2.945 to 10.805 above the lowest threshold of 1.96. The AVE was 0.557 above the recommended 0.5 thresholds. Thus, the estimation is good (Wong, 2013). The composite reliability (C.R) value was 0.897 above the recommended 0.6, signifying a high internal consistency of the outer (measurement) model. Therefore, the convergent validity and reliability were confirmed.

Outer (measurement) model of the cost of Ijarah towards customer satisfaction

Table 12: An outer model of the cost of Ijarah towards customer satisfaction

Items	Factor Loadings	T-value	Average Variance Extracted (AVE)	Composite Reliability (C.R)
ICO1	0.772	11.152**	0.675	0.892
ICO2	0.849	12.857**		
ICO3	0.866	17.663**		
ICO4	0.795	13.489**		

Significant level **$p<0.05$

Table 12 is the outer model of the cost of Ijarah towards customer satisfaction construct presenting the factor loadings, t-statistics, Average Variance Extracted (AVE) and composite reliability. The entire items factor loadings, ranging from 0.772 to 0.866 were significant at 0.001 level, with t-statistics value ranges from 11.152 to 17.663 above the lowest threshold of 1.96. The AVE was 0.675 above the recommended 0.5 thresholds. Thus, the estimation is good (Wong, 2013). The composite reliability (C.R) value was 0.892 above the recommended 0.6, signifying a high internal consistency of the outer (measurement) model. Therefore, the convergent validity and reliability were confirmed.

Outer (measurement) model of Ijarah convenience towards customer satisfaction

Table 13: An outer model of Ijarah convenience towards customer satisfaction

Items	Factor Loadings	T-value	Average Variance Extracted (AVE)	Composite Reliability (C.R)
ICV1	0.835	7.755**	0.709	0.879
ICV2	0.946	12.619**		
ICV3	0.731	5.137**		

Significant level **p<0.05

Table 13 is the outer model of Ijarah convenience towards customer satisfaction construct presenting the factor loadings, t-statistics, Average Variance Extracted (AVE) and composite reliability. The entire items factor loadings, ranging from 0.731 to 0.946 were significant at 0.001 level, with t-statistics value ranges from 5.137 to 12.619 above the lowest threshold of 1.96. The AVE was 0.709 above the recommended 0.5 thresholds. Thus, the estimation is good (Wong, 2013). The composite reliability (C.R) value was 0.879 above the recommended 0.6, signifying a high internal consistency of the outer (measurement) model. Therefore, the convergent validity and reliability were confirmed.

Outer (measurement) model of the compliance of Ijarah towards customer satisfaction

Table 14: An outer model of Ijarah compliance towards customer satisfaction

Items	Factor Loadings	T-value	Average Variance Extracted (AVE)	Composite Reliability (C.R)
ICP1	0.812	16.894**	0.745	0.897
ICP2	0.844	15.788**		
ICP3	0.929	11.049**		

Significant level **p<0.05

Table 14 is the outer model of Ijarah compliance towards customer satisfaction construct presenting the factor loadings, t-statistics, Average Variance Extracted (AVE) and composite reliability. The entire items factor loadings, ranging from 0.812 to 0.929 were significant at 0.001 level, with t-statistics value ranges from 11.049 to 16.894 above the lowest threshold of 1.96. The AVE was 0.745 above the recommended 0.5 thresholds. Thus, the estimation is good (Wong, 2013). The composite reliability (C.R) value was 0.897 above the recommended 0.6, signifying a high internal consistency of the outer (measurement) model. Therefore, the convergent validity and reliability were confirmed.

Outer (measurement) model of customer satisfaction

Table 15: An outer model of customer satisfaction

Items	Factor Loadings	T-value	Average Variance Extracted (AVE)	Composite Reliability (C.R)
CS4	0.878	48.779**	0.711	0.960
CS5	0.600	16.276**		

CS6	0.755	32.015**		
CS7	0.890	43.639**		
CS8	0.876	48.002**		
CS9	0.885	42.980**		

Significant level **p<0.05

Table 15 is the outer model of the customer satisfaction construct presenting the factor loadings, t-statistics, Average Variance Extracted (AVE) and composite reliability. The entire items factor loadings, ranging from 0.600 to 0.890 were significant at 0.001 level, with t-statistics value ranges from 16.276 to 48.779 above the lowest threshold of 1.96. The AVE was 0.711 above the recommended 0.5 thresholds. Thus, the estimation is good (Wong, 2013). The composite reliability (C.R) value was 0.960 above the recommended 0.6, signifying a high internal consistency of the outer (measurement) model. Therefore, the convergent validity and reliability were confirmed.

The Inner (structural) Model of Ijarah

The inner (structural) model was modelled using the PLS interface. The outer models, comprising the exogenous latent constructs of IPQ, ICO, ICV and ICP for Ijarah, as well as the endogenous construct of CS, were connected by path arrows pointing the dependent construct to form the structural model. The result of the structural model is depicted in figure 3 below. The result model shows an R^2 value of 0.350 which means 35% of the variance of customer satisfaction is explained by the exogenous constructs of perceived quality, cost, convenience and compliance of Ijarah. The 0.350 value of R^2 is substantially above the recommended value of 0.33 according to Chin (1998). The constructs were found to be moderate in determining the satisfaction of customers as they produced R^2 of 0.350 as shown below;
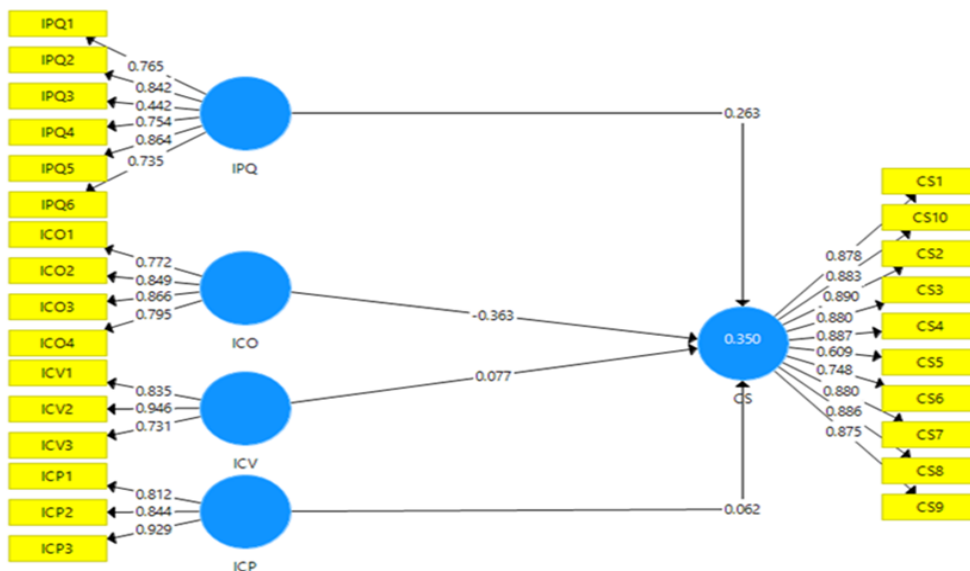

Figure 4: The Inner (structural) Model of Ijarah

The result of the hypotheses tested

Table 16 shows the result of the hypothesis testing. The four formulated hypotheses show the path coefficient, t-values and significance level. The results conclude that all path coefficients report a significant level, at P<0.05. In other words, the results reveal that all the study hypotheses were supported. Perceived quality of Ijarah have an effect on customer satisfaction as tested in hypothesis one (H1), was accepted and also in Hypothesis two (H2) on the effects of cost of Ijarah on customer satisfaction was accepted with p>0.037 and t-statistics value at 2.990 above the recommended 1.96 thresholds. Hypotheses three and four (H3 and H4) were also accepted at a p-value of 0.000 and 0.009 respectively less than the recommended p-value of 0.05. This is explained by the R^2 value of 0.350 which is moderate.

Table 16: Hypotheses testing

Hypothesis	Path	Paths Coefficient	Standard Deviation	T statistics	P Value	Decision
H1	IPQ -> CS	0.379	0.073	5.943**	0.000	Accepted
H2	ICO -> CS	0.241	0.052	2.990**	0.037	Accepted
H3	ICV -> CS	0.382	0.060	6.303**	0.000	Accepted
H4	ICP-> CS	0.291	0.043	3.085**	0.009	Accepted
	R^2	0.350	**	**	**	

Significant level **$p<0.05$

CONCLUSION

Customer satisfaction has been established to be the priority of any commercial bank. However, this is hardly achieved all over due to many problems ranging from changes in taste of the customers, pressures from competitors, the perception of the customers with regards to the products and services rendered by the banks, the quality of the products and services and so on.

This study investigated the effects of Islamic bank product (Ijarah) features concerning customer satisfaction. The satisfaction of the customers on the perceived quality of the product, cost of using the product, convenience as observed by the customers and the compliance of the product to shari'ah were studied. The research hypotheses were tested in the survey within the context of customers of Ja'iz Islamic bank of Nigeria.

There is an indication from the findings of the study that a higher level of satisfaction was achieved on cost, convenience, and compliance of the product to shari'ah principles, while a moderate level of satisfaction with the perceived quality of the product was attained as responded by the customers. Hence, there is a need for the bank policymakers to engage in improving the quality of the product to enable them to retain their existing customers and lure other potential customers toward patronising their products and services.

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