

E-banking system in Pakistan and its Impact on Customers Satisfaction: A Case Study of full- fledged Islamic Banks

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Abstract

The study evaluates the customer's satisfaction with e-banking system of Islamic Banks in Pakistan. E-banking is an online system which is used in all types of banking transactions and has become an unavoidable instrument for banking business and economic development. The population of the study consists of the customers of full-fledged Islamic Banks in Lahore. The objectives of this study were to examine the effect of e-banking on customer satisfaction. Data on electronic-banking system were collected by an organized questionnaire. A total of 300 respondents were decided but 282 respondents finalized the questionnaire. The SPSS-20 was adopted as a statistical tool to examine the data as collected from the bank's customers. The study found that there is a significant association between electronic banking and customer satisfaction after applying the multiple regressions. The study finds that all the variables have a positive impact on customer satisfaction. The level of satisfaction was approximately 69%, while the other 22% customers' behaviour was neutral and 9% were found dissatisfied. Keeping in view the result of data analysis, it is strongly recommended that the gap between customer level should be bridged customers satisfaction level so as to facilitate the Islamic Banking at its optimum level. The factors causing dissatisfaction in the customer behaviour should be addressed in very responsive manners. In the conclusion of this research indicates that e-banking has a positive impact on customers of Islamic Banks in Pakistan.

Keywords: Customer Satisfaction, Electronic Banking, Online Products, Islamic Banks in Pakistan

1. Introduction

Pakistan was established in 1947 in the name of Islam. One of the goals according to the points in the Constitution law of Pakistan is to eliminate Riba (interest) from the national economic system, which has been introduced in the currency. In 2002, the National Bank of Pakistan issued the first Islamic banking certificate to provide Islamic banking products and services (Ahmad, Malik, & Humayoun, 2010). The figures of clientele in Islamic Banking are increasing day by day; various banks have also emerged in the society to provide the services of Islamic banking (IB). Most of the Islamic Financial institution in Pakistan deals in providing purely Shariah Compliant Products and Services and giving a threatening competition to other profitable banks (Zahid, Hussain, Islam, Aziz, & Ghazener, 2012). Islamic banking system has presented interest-free financial transactions because the interest is prohibited in Islam.

Allah says in the Quran: *Allah has permitted trading and forbidden usury* (Ahmad et al., 2010).

In another study, the vertical growth of Islamic banking in Pakistan has been explained (Ashraf, 2013) in a very comprehensive manner. State bank of Pakistan is performing a very pivotal role in the development and growth of Islamic banking. Islamic Banks are competing with the conventional banking system in all primary and secondary functions which indicate financial growth and development. In 2001-02, the Islamic banking sector increased from zero, and despite the difficult economic situation, the total banking revenue in 2013 was 10%. In Pakistan, Islamic banking industry is growing at a very fast pace as compared to the world. Keeping in view the current growth potential of Islamic Banking, SBP designed an Islamic Banking strategic plan from 2014 to 2018 (SBP, 2014).

The customer satisfaction has become a hot issue for banks. From the last one and half decades bankers are focusing on customers' satisfaction and due to this, a competition has been started in the banking industry. Now mostly institutes have improved the service quality and the products, offered to their customers. E-banking is a key driver for changing the world at staggering rates and are said to be a truly global phenomenon that has made transactions very easy (Najaf, Najaf, & Pasowal, 2015). It has importance in all types of the banking system of the world.

2. Growth of Islamic Banking in Pakistan

The basic reason behind the fast growth rate of Islamic banking in Pakistan is priority of the State bank of Pakistan. The State Bank of Pakistan (SBP) has established an independent and separate Islamic banking department for supporting and upgrading the Islamic banks and to make it as the first choice. As a result most of the conventional banks have opened Islamic banks also windows and full-fledged Islamic banks by now. All of these can be observed in the Islamic Banking Bulletin Report 2011 and 2018 which are explained with the equation following. The growth rate of Islamic Banking (2011 to 2018)

$$GR = \frac{IB^{t0} - IB^{t-1}}{IB^{t-1}} \times 100$$

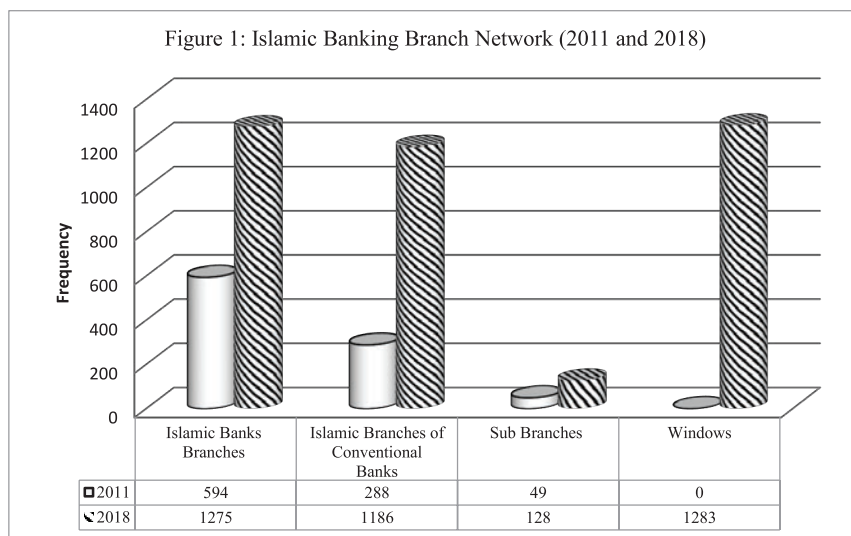
$$GR = \frac{3872 - 931}{931} \times 100 = 315\%$$

GR = Growth Rate

IB^{t0} = Number of Islamic Banks branches in the current year (time)

IB^{t-1} = Number of Islamic Banks branches in previous years (time)

This progress has also been explained further in Figure 1:



This figure describes the progress of Islamic banking in Pakistan. In 2011, the total member of Islamic banks branches was 931, out of which 594 were full-fledged Islamic banks and 288 Islamic banks which are called sub-branches of conventional banks and 49 sub-branches. In 2018, the total member of Islamic

banks branches is 3872, in which 1275 are full-fledged Islamic bank's branches and 1186 Islamic banks which are called sub-branches of conventional banks and 1283 sub-branches. E-banking branches have increased by 315% ($(IB^{t_0} - IB^{t-1}) / IB^{t-1} \times 100$) till march, 2018(SBP, 2018).

3. Electronic Banking in Pakistan

Electronic Banking is known as electronic funds transfer (EFT) system. Basically, this system runs on the computer with internet online. In online banking funds are transferred from one bank to another bank without any type of paper money and direct involvement of the bank staff (S. Bukhari & M. Rahimuddin, 2010). Almost three to four decades ago banks were working as business institutions. In those days, the consumers used to save their money and took financial services from banks. Today, the banking industry has shifted the current banking system into a new scope through specific software programs and websites, which is called e-banking application program and is used in all banking system.(Alabar, 2012).

4. Historical Viewpoint of E-banking in Pakistan

In Pakistan, the electronic banks were introduced in 1987. The first automated machine (ATM) was installed in Pakistan by Habib Bank Limited. Nearly a decade ago, general public was not familiar with ATMs and ATM cards that grew very slowly. In e-banking progress, state banking of Pakistan contributed a lot to the formation of national exchange in 2002, when it provided the basis, environment, and policy for an online banking system (Zubari, 2017). After 1999, the National Bank of Pakistan took note of the importance of e-banking projects (ATM and cards, 2002 SBP instructions through all banks to their account holders and connected to any one of the two switches (1link and MNET). With the increasing growth of monetary transactions, it was felt to the selection more benefits from e-banking for making banking easier, faster, cost-effective and reliable. In continuation of that 1-LINK, Visa and Union Pay cards were offered to increase the availability of plastic cards in and outside of Pakistan (Pakistan, 2017).

5. Electronic Banking in Islamic Banks of Pakistan

The commercial banks are recognized as a service based industry and hence, the customers demand increase speedy and efficient financial services. The Internet and IT applications play an important role in providing this. Financial institutions, including Islamic banks, have developed their own strategy and adopted online banking services (ABBAS, 2015). As a result of the procedures of

e-banking development, the banking industry provide completely commercial structure. The system has become famous in the market, brought up success, profits and the ability to manage risks. (Sumra, Manzoor, Sumra, & Abbas, 2011).

6. Objectives of the Study

The primary aim of this research is to analyze the e-banking (Islamic Banking) acceptability with reference to Pakistan and to check the customers' satisfaction with the help of different Supporting Variables like Service Quality, Customer Services and the adoption of the latest technology in Islamic Banks in Pakistan. The secondary purpose is to investigate the opportunities in Islamic banking sector after introducing e-banking.

7. Research gap for the Study

The purpose of this study is to explore the behaviour of customers toward Islamic banks through demographic data and the variables that are primarily understood (Service Quality, Security & Privacy, Easy & Convenient Banking, Customer Services and 1-link Online E-Service). Islamic Banking has a strong impact on Pakistani customer choices, which leads to customer satisfaction reflecting the upcoming potential of Islamic Banks in Pakistan. In order to increase the income and share of Islamic banks in the banking industry, we should be capable to undertake angle research and at the same time bear the customer's actions(S. A. A. Bukhari & M. Rahimuddin, 2010; Hussain & Islam, 2012; Khan & Fasih, 2014a).

8. Research Methodology

In this study, we will determine the customer's preference for e-banking. A survey mechanism is designed to collect data. The instrument itself is a questionnaire based on one previously developed strategy and focused on a list of various factors. The purpose of this research is to find out the level of customer satisfaction in Islamic Banks by using internet banking in Pakistan. The questionnaire contains questions relating to customer satisfaction on e-banking. In the dependent variables include Service Quality, Security & Privacy, Easy & Convenient Banking, Customer Services and 1-link Online E-Services of electronic banking. Respondents were asked to indicate, their preference selected each of the factors in the questionnaire, which is considered accurate in e-banking. Demographic variables like age, sex, service or working place, monthly income and level of education required the potential of respondents about e-banking. This study observed whether any significant difference exists

between the Internet and non-Internet users. The survey appliance is administered through the medium of Internet in the selected Islamic Banks. Retail users of Islamic bank's services in Pakistan participated in the study.

8.1 Sampling

A total of 300 usable responses were analyzed for five Islamic banks (Bank -Al-Baraka, Bank Al-Islami Pakistan Limited, Burj Bank, Dubai Islamic Bank Pakistan and Meezan Bank Limited) in Pakistan (comprising of at least 50 responses from each bank). The questionnaires have been completed by the customer's (either directly (after meet with clients) or by hand, or by correspondence or by email or posts, etc).

8.2 Research Tools

- Likert Scale test format: Likert-format items were presented with 5-point scales, where 1= " Extremely Satisfied", 2= "Satisfied", 3 = " Neutral, 4= "Dissatisfied" and 5 = "Extremely Dissatisfied". It was used.
- To used simple percentage, regression coefficient and reliability statistics analysis
- To concluded the results of the data with the help of analytical and descriptive methodology.

8.3 Limitations

Keeping in view the workload only full-fledged Islamic Banks were selected. The names of full-fledged Islamic banks are Bank -Al-Baraka, Bank Al-Islami Pakistan Limited, Burj Bank, Dubai Islamic Bank Pakistan and Meezan Bank Limited. Moreover, the respondents were selected from only Lahore District.

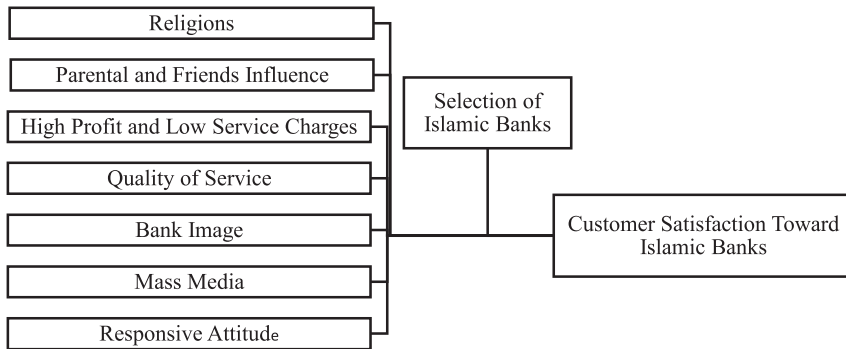
9. Literature Review

From the initial age, banks need to perform a variety of tasks to provide customers with a variety of products, services and provide the latest facilities. Consumer satisfaction is very important to any organization because the customer is the ultimate source of revenue for any organization. In the banking sector, customer satisfaction has become a hot issue for banks. Now, most organizations have improved the quality of services and products that are offered to customers (Saad, 2012). With the advent of 20th century, E-banking has gained popularity because banks came to know the importance of e-banking with an increase in population. As e-banking provide them the opportunity to directly access their customers through the internet by maintaining their website. Now a day's a banks just have to update their salient features on their

website about like building or head office picture, branches maps, ATM locations, site location, address, and simple listings of products and the customer himself gets easy access to the bank (Mian, 2013).

9.1 E-banking and Customer Satisfaction of Islamic Banks in Pakistan

To meet the utmost desire of customers, four things are pivotal which are reliability, responsiveness, access, and accuracy (Jun & Cai, 2001). In another study by Awan dn Azhar, it was described that customer satisfaction is one of the most vital requisites for Islamic banks, which primes to customer loyalty and retention. Managers believe that satisfied customers bring a lot of potential customers and dissatisfied customers will deprive customers in the future(Awan & Azhar, 2014). They explain the customer satisfaction theory for Islamic Banks with the help of following table model.



In another study, it was found that people prioritize five major components for the adoption of Islamic banking services like reliability, responsiveness, assurances, empathy, and service recovery(Sureshchandar, Rajendran, & Anantharaman, 2002).

It was also observed that if the bank can provide the right information to the right customers in a timely manner, it will create public confidence and help the customer to take the right decision(Rose Peter, 2003).

In another study, security is also considered to be the most significant motivating element in forcing Chinese consumers to adopt online banking. The main obstacle to online banking is the perception of risk, computer technology and traditional Chinese cash and banking culture(Laforet & Li, 2005).

The study find out the eight factors such as information quality, website design, commodity attributes, trading capacity, security/privacy, payment, delivery and customer service, emphasize e-banking customer satisfaction (Liu, He, Gao, & Xie, 2008).

The attraction and success of e-banking depend on speed and website quality of the bank during the transaction to get customers' satisfaction. (Haque, Tarofder, Rahman, & Raquib, 2009). In a similar way, the problem towards mobile banking, adoption is due to the lack of awareness and understanding of the benefits provided by mobile banking. Websites and its security system are important factors in a bank's marketing and infrastructures activities with customers and security had a significant effect on customer satisfaction (A. E. M. K. Ahmad & Al-Zu'bi, 2011).

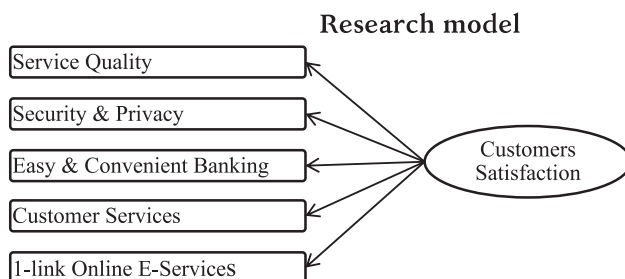
E-banking systems rely on different processes. These elements of processes are covered Website format or hosting, Firewall formal or management, Network administration, Security management, Internet banking server, E-commerce capabilities (e.g. consignment payment, lending, brokerage), Internal network servers, Core technology system, Programming assist then Automated selection assist systems. All these elements hold appreciation within imparting the E-banking services and bear solve price toughness (Dar, 2010).

E-Banking services allow its consumer to adopt a better opinion of their banking business and support them to grip on their banking transactions easily and quickly. In a broader sense, client satisfaction has been perceived namely a solution thing into discovering abroad in what customers go away or continue to be together with a bank. Generally, someone bank wants according to be aware of how many in accordance with hold their customers, too agreement they appear in conformity with stand satisfied. As opposition within the economic functions industry is greater intensive than ever, and as much banking companies' service menus are becoming more and more comparable, the want after apprehend financial institution client superiority is dynamic. (Khan & Fasih, 2014b). E-banking is a key driver for changing the world at a surprising rate and is said to be a truly global phenomenon that has made transactions very easy and convenient (Najaf et al., 2015). Customers' satisfaction is a prime significance in deciding the achievement of an association and high performance. The complete Customers' satisfaction has importance in promoting the organization. In the long run, it helps the organization to remain steadfast in the market and be more focused (Hamzah, Ishak, & Nor, 2015).

In their studies(Goi, 2015; and Sarlak, 2010) explain that E-banking system is very significant and powerful and its structure depends on many factors. The commercial organizations can choose their e-banking system formation, including subcontracting and relationships, based on four factors: first; a strategic objective for e-banking, second; scope, scale, and complexity of equipment, systems and activities, third; technology expertise and finally; security and internal control requirements. Most of the banks are trying to provide 24-hour telephonic service to its customer that has been initialized and implemented in several important e-banking applications(S. Bukhari & M. Rahimuddin, 2010; Uppal, 2011).

Research additionally discloses so just over the customer's decision according to pick out Islamic bank is due to the fact on their religious reasons. Customers' satisfaction is a prime importance in determining the success of an organization (Hamzah et al., 2015).

This research paper aims at examining the impact of electronic banking on the profits of Pakistani banks. E-banking has increased the competition among the banks, both domestic and foreign. The research model overall consists of five independent variables (service quality, security and privacy, easy and convenient banking, customer services and 1-link online e-services or transactions which are explained below:



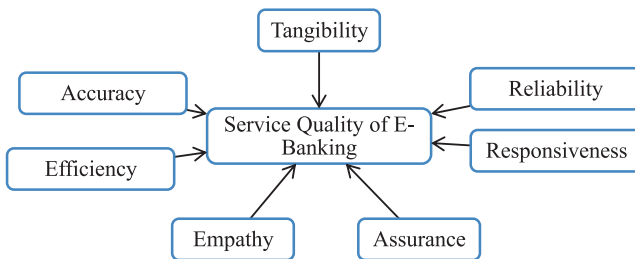
9.2 Customer Satisfaction

From an Islamic perspective, products and services may influence customer satisfaction with the help of five principles namely: lawfulness, purity, deliverability, precise determination, and cleanliness (Saeed, Ahmed, & Mukhtar, 2001).

Customers are having or dealing the business transactions securely and positively with the banks. In this case, if the banks provided the right information to the customers on time, it creates public confidence (Rose Peter, 2003). In this way, high performance and the extremely satisfied customer will be a source of extension to promote the organization. (Hamzah et al., 2015).

9.2.1 Service Quality

In Pakistan, banks are now providing quick services and customers do not to wait in queue for their turn. The study exposed that service quality have pivotal part in enhancing the customers and customer's satisfaction. The components of service quality such as tangibles, consistency, pledge, and empathy have an important and optimistic link with satisfaction level and loyalty of customers in the direction of their particular financial service delivered by its organization (Khan & Fasih, 2014b). A study had been conducted in which the writer found the relationship between service quality and customers' satisfaction. It found that are five factors of service quality like 1) consistency, 2) responsiveness, 3) assurances, 4) empathy, and 5) service recovery (employees of the organization when delivering the service), all of these are measured by customers as precarious (Sureshchandar et al., 2002). Another paper, on the development of 22-item tools called SER VQUAL for measuring customer opinion of service quality in facility and dealing of organizations. (Parasuraman, Zeithaml, & Berry, 2002). We explain the service quality of e-banking after studying the above literature with the help of the model below.



Point out these Field of Service Quality of E-Banking

- **Tangibility**

If we summarize the service quality, the tangibles are about imposing permanent limitations on customers. All of the organizations want that their consumers must have an outstanding and optimistic impression. So it should

be Focused on this specific measurement which will help banks to earn maximum benefit (Zineldin, 2005). This term refers to those tools which carry their physical importance and can be easily touched and seen. In the framework of service quality, tangibles can be defined as Information and Communications Technology (ICT) tools (Blery et al., 2009).

- **Reliability**

Reliability means the guarantee provides greatest quality products and services to the customer truthfully and consistently (Blery et al., 2009). This study shows that the SER VQUAL model is still the most effective for measuring retail banking customer satisfaction. It should not focus on the bank's profit-related goals (Sanjuq, 2014).

- **Responsiveness**

The internet banking is liable to be affected by the internet accessibility, responsiveness and attitude on the way to change, computer and internet contact costs, trust banks, safety apprehensions, easy to use, convenience and related issues (Sohail & Shanmugham, 2003). The observations of some researchers show that the five factors affect customer satisfaction i.e. information responsiveness, reliability, efficiency and privacy, and ease of use (Ahangar, 2011).

- **Assurance**

Assurance is one of the basic components of online banking service quality which facilitate the reliability on internet banking (Gikandi & Bloor, 2010).

- **Empathy**

Empathy means understanding and code of behaviour of employees toward giving Empathy means u giving protocol to the customers by giving attention at the individual level to them. It involves listening to their problems effectively and addressing their concerns and demands (Blery et al., 2009). To make the customer satisfied, the institutions / organizations should ensure that they are providing the service at the right time for their clients to acquire the right products. To achieve this quality measurement the service can provide specific data that can be helpful for quality management, any monito, and maintenance (Sanjuq, 2014).

- **Efficiency**

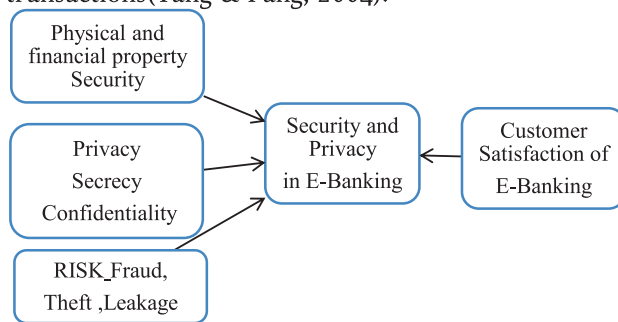
Efficiency means the provision of services for the customers to facilitate the product range well in time. It ultimately enhances the financial progress of the banking system by achieving the targets. (Ahangar, 2011).

- **Accuracy**

The most common element and the main source of customer satisfaction or dissatisfaction are accuracy and reliability. Accuracy has a pivotal role to accelerate the utilization of e-banking products (Jun & Cai, 2001).

9.3 Security and Privacy

The customer's security means as personal, physical property, and financial property safety. In online business and online banking, security means the low risk of online transactions, the maintenance of personal information and the integrity of online transactions (Yang & Fang, 2004).

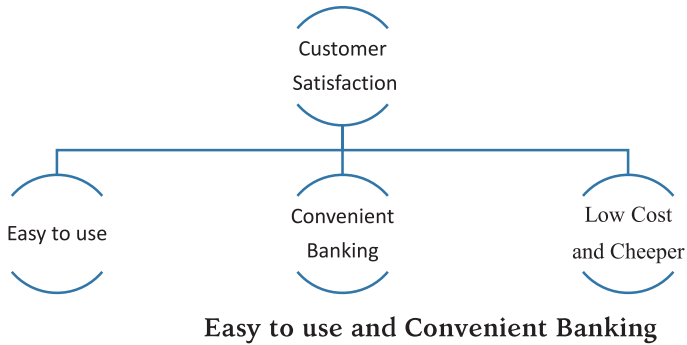


Security and Privacy of E-Banking

Experts point out that customer confidence is critical to the promotion of electronic banking and electronic financial secrecy and requires the establishment of a real mechanism for E-FITS. However, if there is no customer to play a role, electronic security cannot work in isolation. Banks will also use the Internet to protect their customers from training of clients. This includes protecting their passwords and PIN codes for online banking (Maranga, 2017).

9.4 Easy and Convenient Banking Services

E-banking is playing a key role for changing the world at stunning rates and is said to be a truly global phenomenon that has made communications very easy and convenient (Najaf et al., 2015).



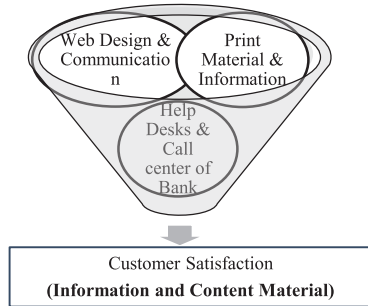
Internet Banking affords international right of entry in conformity with you estimate or facilitates 24 hours' time and 7 days within a week. By using this some can usage a wide distance over telephone banking yet personalized banking services. It offers purposes like resources transfer namely a handy work who allows you in conformity with switch funds in conformity with anybody IBFT member bank account. This will similarly help you according to get right of entry to you score regarding claim anytime, anywhere out of your cellular phone. It also includes on-line purchasing facility through whole lend cards namely well stability (Mian, 2013; Raza & Hanif, 2013).

E-Banking system itself has many benefits as it provides an easy way to monitor the accounts, shop, to pay our utility bills, buy different items of our needs, we use it to take part in an auction at anywhere or anytime and transfer money easily from online system. It saves our time reduces costs and many others. E-banking system is very significant and powerful and its structure depends on many factors(Goi, 2015).

9.5 Customer Service

E-banking is a self-service technological know-how in the world. Recently, E-banking brought new channels which consign gain both banks then customers permanency (Najaf *et al.*, 2015). The speed was an important factor for consumer satisfaction to achieve the attraction and successful of e-banking (Haque *et al.*, 2009). Presently a large number of people are interested in the Islamic banking and how it is different from the conventional banking especially from the point of achieving growth in its assets, investment and deposits. (Hussain & Islam, 2012). The analysis suggests that there are eight types of elements which affect the customer satisfaction i.e. 1) Information quality, 2) website design, 3) merchandise attributes, 4) transaction capability, 5)

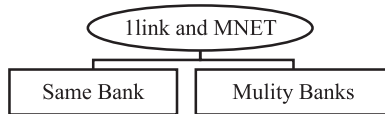
security/privacy, 6) payment, 7) delivery and 8) customer service. In the above set of element, the first two are the most advantageous (Liu et al., 2008).



In achieving the customers’ information and understanding, the websites are an important factor in any bank’s communication with customers (Ahmad & Al-Zu’bi, 2011). Therefore, the contents of the website are also very important factor which further equipped the customer for developing the understanding of banking products. It further assists the clients to utilize the e-banking and develop the trust of customers.

9.6 Online Banking (1link and MNET) in Islamic Banking

Approximately, a total of 2.3 million total users of internet banking were registered according to the state bank of Pakistan in the 2017 and 25 banks are presenting a variety of monetary facilities recorded by e-banking like online fund transfer, utility bills, shopping, interbank and interbank fund transfers, salary transfer, school fee payment etc. (SBP, 2017). Online banking provides e-banking services between same banking, and multi banking (between different types of banks)



10. Result and Discussion

We have found out the experimental data collected through the questionnaire distributed in five Islamic banks in Pakistan. The results of the data have been presented showing graphs and designing tables. The research methodology is based on the hypothesis which has been described individually on the basis of statistical characterization of the population, also explaining e-banking product, services and customer satisfaction (Hamid & Laith, 2012).

Table 1: General Variable of the Sample

Serial#	Gender	Frequency	Percentage
1	Female	93	33%
2	Male	189	67%
	Total	282	100%
	Age	Frequency	Percentage
1	18 to 25 years	8	3%
2	26 to 35 years	100	35%
3	36 to 45 years	90	32%
4	46 to 60 years	77	27%
5	Above 60 years	7	2%
	Total	282	100%
	Education	Frequency	Percentage
1	High school	6	2%
2	Intermediate	47	17%
3	Degree	105	37%
4	Master's Degree	98	35%
5	Others (please specify)	26	9%
	Total	282	100%
	Profession	Frequency	Percentage
1	Govt. Employee	9	3%
2	Private Employee	73	26%
3	Business	171	61%
4	Student	8	3%
5	House Wife	19	7%
6	Others	2	1%
	Total	282	100%
	Monthly Income level	Frequency	Percentage
1	20,000-40,000	16	6%
2	41,000-60,000	119	42%
3	61,000 – 80,000	83	29%
4	80,000-100,000	42	15%
5	Above 100,000	22	8%
	Total	282	100%

As the table 1 describes that the participants consisted of 67% male and 33% female customers. Male customers are more than the female. The highest percentage of customers lie between 26 to 35 years age which group which is

35% customers between 36-to 45 years age group have 32% and the customers that lie in between 46 to 60 years move a percentage of 27% and the rest of the respondents that show the lowest percentage of age group lies between 18 to 25 and above 60 year's respondents are stood at 2% and 18 to 25 years age group make 8% of the participants.

As for the educational qualification of the respondents the highest numbers of customers are those with a degree level of education are 105 that showed 37% of total percentage of respondents. After this, master degree holders are 98 that make 35%. Rests of all are having a less percentage of these 2% respondents are from high school and 17% respondents from intermediate respectively. This data had been collected from the Lahore district where the literacy rate is 88% where Almost 72 % were up to intermediate level.

Here we mentioned the profession of total customers in our survey. According to the Table 1, approximately 3 % customers are the government employees, 26 % customers are doing private job, 61 % of the customers are an adopter of businesses, and the rest of 3% respondents are students, 7% respondents are a house wives and 1% is others, etc. The highest ratio of the customers was 171 and 73 who were linked with business and private jobs. And the lowest ratio was calculated as 9 and 2 which were government employees.

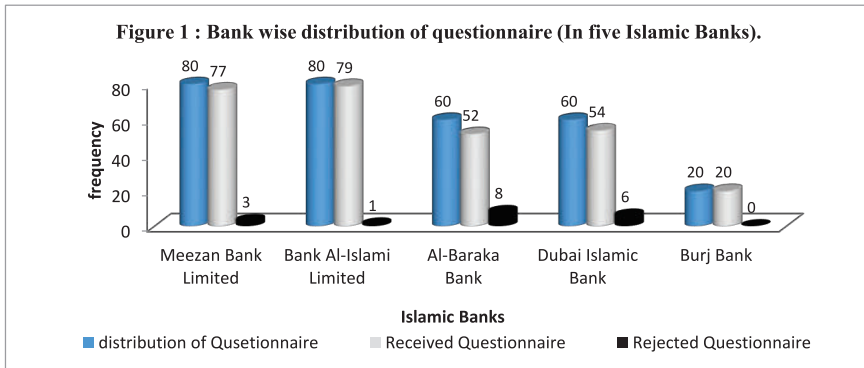
The last portion of the table indicates the monthly income level of the customers. Total respondents are 282, out of whom 42 % customers are having a month 41-60 and 29 % of customers are earning 61-80 thousand. Moreover, 15% customers are standing at more than 80 to 100 thousand incomes per month. the 8% respondent income level per month was above one lac. The highest ratio of the customers that fall in the between 41 to 80 thousand groups is calculated as 42%.

Table 2: Bank-wise Distribution of Questionnaire (In five Islamic Banks).

Serial#	Islamic banks	Frequency	Percentage
1	Meezan Bank Limited	77	27%
2	Bank Al-Islami Limited	79	28%
3	Al-Baraka Bank	52	18%
4	Dubai Islamic Bank	54	19%
5	Burj Bank	20	7%
	Total	282	100%

Source: Primary data

Table 2 shows 79 (27%) out of the total questionnaires were collected from Bank Al-Islami Limited, 77 (28%) from Meezan Bank Limited, 52 (18%) of the total from Al-Baraka Bank and 54 (19%) from Dubai Islamic Bank and 20 (7%) were collected from Burj Bank. We distributed a total of 300 questionnaires on the market and received 282 answer copies in a satisfying condition and 18 answer copies were not properly filled. Total branches of these five Islamic Banks are approximately 75 in Lahore, Pakistan. Questionnaires were distributed, according to the number of staff in various branches (table 2).



This figure described about the distribution of questionnaire between in five full flag Islamic banks, the total distribution of questionnaire numbers, total numbers of received and rejected ones with detail.

Table 3: You are Satisfied with Electronic Banking Offered by Islamic Banks.

Sr#		Frequency	Percentage
1	Extremely Satisfied	41	15%
2	Satisfied	162	54%
3	Neutral	46	16%
4	Dissatisfied	33	12%
5	Extremely Dissatisfied	0	0%
	Total	282	100%

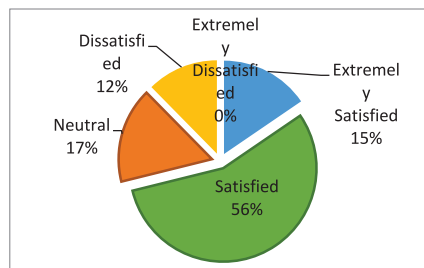
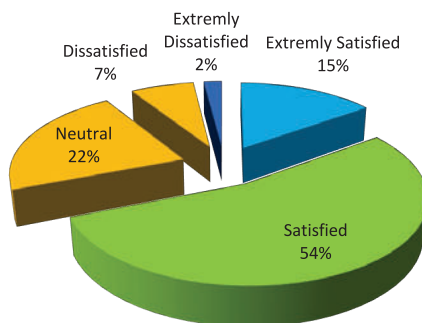


Figure 2: Electronic Banking Offered by IBs

- Table 3 explains that the customers of Islamic banks are satisfied with the electronic banking facilities offered by electronic Islamic Banks. From the survey, it has been concluded that 15% respondents are extremely satisfied, 56% satisfied with the employees of e-banking, 17% customers are neutral, 12% are dissatisfied and 0% were strongly dissatisfied.
- The yellow area (56%) of the total in figure 3 is showing the satisfaction level of the customers and blue area (15%) of the total is showing the extreme satisfaction level of customers, which are more than other options like neutral, dissatisfaction and extreme dissatisfaction level. All of these shows that the customers of Islamic banks are satisfied with its e-banking products and services in Pakistan.

Figure 3: Overall results Percentage



Overall result percentage is described by the figure 3. As this figure concluded, by the analysis of data that e-banking products and services in Islamic banks of Pakistan, the result have a positive impact on customer satisfaction level. The level of satisfaction was approximately 69% (15% are extremely satisfied and 54% are satisfied level), while the other 22% customer’s behaviour was neutral and 9% were found dissatisfied (2% are extremely dissatisfied and 7% are dissatisfied level). Keeping in view the result of data analysis, it is strongly recommended that the gap between the customer levels should be bridged so as to take the Islamic Banking at its optimum level.

Table 4: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.752	.745	48

- a. Predictors (constant), service quality security and privacy, easy and convenient banking, customer services, 1-link provided by Islamic banks.
- b. Dependent Variable: customer satisfaction

Table 4 provides the reliability statistics, test of the model species customer satisfaction as a function of service quality security and privacy, easy and convenient banking, customer services, and 1-link provided by Islamic banks. Cronbach's Alpha of the model is .752. The level is found between $(0.8 > \alpha \geq 0.7)$ which is acceptable.

Table 5: Anova

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	18.416	6	3.069	42.889	.000 ^b
Residual	19.680	275	.072		
Total	38.097	281			

c. Predictors (constant), service quality security and privacy, easy and convenient banking, customer services, 1-link provided by Islamic banks,

d. Dependent Variable: customer satisfaction

The above Table 5 provides the ANOVA test of the model which species customer satisfaction as a function of service quality, security and privacy, easy and convenient banking, customer services, 1-link provided by Islamic banks. ANOVA tells overall goodness of the fit of the model. F-statistic of the model is 42.889, which is quite good and entails that the model is a good fit at the 1 % level of significance.

Table 6: Regression Coefficients

Model	Un standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.130		2.698	.007	.130

Service quality	.440	.057	.413	7.723	.000
Security and privacy	.037	.026	.067	1.424	.156
Easy and convenient	-.001	.021	-.003	-.067	.946
Customer services	.142	.033	.232	4.372	.000
1-link (online system)	.257	.038	.304	6.765	.000
e. Predictors (constant) service quality, security and privacy, easy and convenient banking, customer services, 1-link providing by Islamic banks,					
f. Dependent Variable: customer satisfaction					

Table 6 defines the end result over the model predicting customers' satisfaction through the variability on job quality, security then privacy, easy yet convenient banking, consumer purposes and 1-link offered with the aid of Islamic banks. All the variables have a superb and substantial link including the consumer satisfaction. These results are confirmed by using the relation evaluation defined above. In this regression coefficient of significant variable i.e. service, quality, customer services and 1link are .407, .140 and .265 respectively. But in regression analysis, the variable privacy and ease, and convenient banking variables are insignificant. Regression analysis leads us to accept the hypotheses H₁, H₄ and H₅ postulating a significant and positive relationship of service quality (p=000) customer services (P=000) and 1link (P=000) with the customer satisfaction. The hypotheses of H₂ and H₃ regarding relationship of security and privacy (P=249), easy and convenient banking (P=. 759), customer satisfaction is rejected.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.695 ^a	.483	.472	.26752	.483	42.889	6	275	.000	2.138
a. Predictors(constant) service quality, security and privacy, easy and convenient banking, customer services, 1-link provided by Islamic banks,										
b. Dependent Variable: customer satisfaction										

Table 7 provides the Executive summary of the model which specifies customers' satisfaction as a key task of service quality, security and privacy, easy and convenient banking, customer services and 1-link provided by Islamic banks. The R-value of .695 is indicating a strong and positive relationship between service quality, security and privacy, easy and convenient banking, customer services, 1-link provided by Islamic banks and customer satisfaction. The value of R^2 is 0.483 indicates that 48.3% changes in customer satisfaction can be attributed to a unit change in CCC. The R Square of the model is .483 which entails as 48.3% concerning the version into the based volatile i.e. patron pleasure is accounted because it mannequin who is pretty excellent. The Durbin-Watson Statistic is found in the Statistics menu. The Durbin-Watson statistic is 2.138 which are between 1.5 and 2.5. Therefore the data is autocorrelated. Durbin Watson of the model is 2.138 which is quite good.

11. Findings and Conclusion

The purpose of this study was to investigate the e-banking products and service in five full-fledged Islamic Banks (Meezan Bank, Bank Al-Islami Pakistan Limited, Al-Baraka Bank, Dubai Islamic Bank Pakistan and Burj Bank) in Pakistan. This study evaluated the customer satisfaction/ dissatisfaction with the e-banking products and service quality and also found that e-banking has positive impacts on customer satisfaction. It developed several research questions and hypotheses which show a positive relationship between different types of factors. The findings have solved various study problems and have provided reasonable answers, explained the result of the model predicting customer satisfaction through the variables of service quality, security and privacy, easy and convenient banking, customer services and 1-link provided by Islamic banks. All the variables have a positive and significant relationship with the customer satisfaction. The study revealed that the most people are using e-banking and found high satisfaction level up to 69% and the user of this type of banking is mostly comprised of young or aged people. The dissatisfaction level was found up to 9% among the people and other 22% are neutral. This dissatisfaction was mostly attributed due to the lack of knowledge. They feel hesitation because they are not aware of computer technology. This study has also provide same type of result as Dhandayuthapani & SELVACHANDRA, 2013, ABBAS, 2015; S. A. A. Bukhari & M. Rahimuddin, 2010; Khan & Fasih, 2014a; Zahid et al., 2012. The Islamic Banks adopt e-banking technologies to simplify and enhance the user experience in the most convenient manner. The online payment system has changed the industry as a whole with the potential for to subsequent revolution.

12. Recommendations

The study originated evidence that the supported all hypotheses and objectives. As a result of the data analysis some comprehensive recommendations are as follows:

- It is compulsory for these financial institutes to provide services electronically to differentiate themselves from their rivals like conventional banking system in Pakistan. They need to provide customers with information about various competitive services.
- It is also significant to create awareness among the customers about the evidence and qualified returns of e-banking services. The customer satisfaction has importance if he is educated in information technology (Information about certain Islamic banking products on the leaflet/ brochures/ website can be easily understood and is sufficient to educate new/old users) and computer technology. Banks must maintain long-term relationships with their customers; it is necessary to satisfy them from their e-banking product and service to provide a base in future.
- It is important to use experts in the field of electronic technology and strategy because the site's attraction requires experience in this area to support the customer's attraction and benefit from the experience of developed countries in software technology to control and protect customer information to enhance the current Bank software application.
- Bank should take reasonable steps, like educate the customer with TV programs, seminars, workshops etc. in order to make the Pakistani community aware of the uses and benefits of e-banking. The government plays a very positive role in introducing and promoting the Islamic banking services in Pakistan.
- It is very necessary for the survival of every bank in market like overall market; all banks are to recreate the trust of their customers.
- The banks provide further security measures and convert all types of online services. The e-banks can reduced charges and improved their convince system like there help desk, awareness programs and banking methodology. The banks should improve their refund facilities and mistake removing programs e.g. if any customer made a wrong transaction by mistake (found transfer to a wrong address) or ATM problems, the help and information desk etc. need to facilitate. So that the customer will get courage to use the e-
- Service frequently and easily.

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