



An Analysis of Customer Perceptions of Service Quality in Islamic and Conventional Banks

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Abstract

This study compares customer perceptions of service quality between Islamic and conventional banks and examines whether significant differences exist in the services provided by the two systems. The research is motivated by differences in operational principles and service approaches that may shape customer evaluations. A comparative quantitative method was employed, with data collected through questionnaires distributed to purposively selected respondents. Prior to analysis, validity, reliability, normality, and homogeneity tests were conducted, followed by an independent sample t-test. The findings reveal significant differences in customer perceptions: conventional banks are perceived as superior in-service speed, operational efficiency, and technological utilization, reflecting their stronger performance in delivering fast and accessible services. In contrast, Islamic banks demonstrate strengths in compliance with Sharia principles and customer care, highlighting their commitment to ethical practices and personalized relationships. The discussion emphasizes that efficiency and ease of access are primary determinants of perceived service quality. In conclusion, both banking models possess distinct advantages that can be leveraged to design service improvement strategies tailored to customer needs and expectations. These insights provide practical guidance for bank management in enhancing customer-oriented services while reinforcing the competitive strengths of each system.

INTRODUCTION

The development of the banking industry in Indonesia in recent years has shown increasingly complex dynamics along with the increasing public demand for fast, secure, and high-quality financial services (Mutiasari, 2020). The current Indonesian banking system adheres to a dual banking system, with Islamic banks and conventional banks operating side by side (Keuangan., 2020; ojk.go.id, 2013). These two systems have distinct characteristics, both in terms of operational principles, transaction mechanisms, and customer service approaches. Conventional banks operate on an interest-based system and are profit-oriented, while Islamic banks are based on the principle of profit-sharing and the values of

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fairness and transparency in every transaction.

This fundamental difference not only impacts operational systems but also shapes customer perceptions of the quality of service provided. Service quality is a key factor in determining the success of a banking institution. Quality service will create satisfaction, increase trust, and foster long-term customer loyalty. Conversely, suboptimal service can undermine trust and cause customers to switch to other financial institutions (Hasan et al., 2023). In this context, service quality is not only measured by speed and accuracy of service but also encompasses aspects of convenience, clarity of information, employee attitudes, and the bank's ability to comprehensively meet customer needs. Therefore, measuring service quality is crucial to determine the extent to which services provided meet customer expectations (Jaafar et al., 2025; Okenova et al., 2025).

The emerging issue is the difference in customer perceptions of service quality between Islamic banks and conventional banks. This difference is influenced by various factors, such as operational efficiency, ease of service access, the use of digital technology, and the public's level of understanding of the Islamic banking system (Kismawadi, 2024; Shinkafi et al., 2017). In practice, conventional banks are often perceived as superior in terms of service speed and use of technology, while Islamic banks are considered superior in aspects of ethics, transparency, and compliance with Islamic principles. However, these perceptions are not always consistent and can vary depending on the customer's experience and background. Several previous studies have shown mixed results regarding the comparison of service quality between Islamic banks and conventional banks. There are differences in service quality in certain dimensions, particularly the aspect of guarantees, while other dimensions show no significant differences (Nurcahaya et al., 2022). This study indicates that service quality is not homogeneous and is highly dependent on the indicators used. There is a gap between customer expectations and perceptions across both types of banks, with customer satisfaction levels at conventional banks tending to be higher than at Islamic banks (Prijanto et al., 2021). This shows that conventional banks still have an advantage in practically meeting customer expectations.

Sharia banks have better service quality than conventional banks, especially in terms of service attitudes and the ethical values applied (Adi, 2023). These findings indicate that non-technical aspects such as empathy, honesty, and a personal approach are important factors in shaping customers' positive perceptions of Islamic banking services. Furthermore, other research in this thesis also shows that service quality is closely related to customer satisfaction and loyalty, where good service will increase trust and encourage customers to continue using the bank's services (Haron et al., 2020). The differences in these research results indicate a research gap that requires further study through a more measured and comprehensive approach. Based on this phenomenon and the differences in previous research results, research is needed that can provide an empirical overview of the comparison of service quality between Islamic banks and conventional banks based on customer perceptions. This research is important because it not only focuses on theoretical aspects but also provides empirical evidence that can be used as a basis for decision-making by banks. Furthermore, this study also considers the local context by selecting regional banks with similar characteristics as research subjects, allowing for more objective comparisons.

As a solution, this study uses a comparative quantitative approach with a structured measurement instrument based on service quality dimensions. This approach allows researchers to objectively measure customer perceptions and statistically identify differences in service quality between the two types of banks. Therefore, this study is expected to contribute to identifying the strengths and weaknesses of each bank, thus providing a basis for improving service quality more effectively and oriented towards customer needs. Furthermore, the results of this study are also expected to help the public understand the differences in banking service characteristics and determine service options that suit their preferences and needs.

Although previous research has compared the service quality of Islamic and conventional banks, the results have been inconsistent. Furthermore, most studies have focused on specific regions and have not integrated the SERVQUAL and CARTER dimensions into a single analytical model. Therefore, there are still research gaps that require further exploration, particularly in the context of regional banks and comprehensive customer perceptions.

The novelty of this research lies in the combined use of the SERVQUAL and CARTER models to analyze customer perceptions, as well as its focus on comparing regional banks, namely Bank Aceh Syariah and Bank Sumut. Furthermore, this study provides a novel empirical approach using primary data obtained directly from customers, resulting in a more up-to-date picture of banking service quality.

LITERATURE REVIEW

Service quality is one of the most important determinants of customer satisfaction and loyalty in the banking industry. According to [Rahimizhian et al \(2020\)](#), service quality is defined as the gap between customers' expectations and their perceptions of the actual service received. The SERVQUAL model measures service quality through five dimensions: tangibles, reliability, responsiveness, assurance, and empathy. These dimensions have been widely applied in evaluating banking services because they comprehensively reflect customers' perceptions of service performance.

In the context of Islamic banking, the SERVQUAL model was further developed by [Afifah & Kurniawati \(2021\)](#) through the CARTER model, which adds the compliance dimension. This dimension emphasizes compliance with Sharia principles, including the prohibition of interest (*riba*), fairness in transactions, and transparency in contracts. Therefore, evaluating service quality in Islamic banks requires not only conventional service dimensions but also assessment of adherence to Islamic principles, which distinguishes Islamic banks from conventional banks.

Previous studies have reported varying findings regarding the comparison of service quality between Islamic and conventional banks. [Nurcahaya et al \(2022\)](#) found significant differences in several service quality dimensions, particularly assurance, while other dimensions showed relatively similar performance. [Priyanto et al \(2021\)](#) reported that customers of conventional banks generally perceived higher service quality due to operational efficiency and accessibility of services. Conversely, [Adi \(2023\)](#) concluded that Islamic banks performed better in terms of ethical values, employee attitudes, and customer empathy. Furthermore, [Haron et al \(2020\)](#) demonstrated that high service quality positively influences customer satisfaction and loyalty in Islamic banking. These findings indicate that customer

perceptions of service quality remain inconsistent across different research settings and measurement approaches.

Unlike previous studies, this research integrates the SERVQUAL and CARTER models to provide a more comprehensive evaluation of service quality while focusing on regional banks, namely Bank Aceh Syariah and Bank Sumut. In addition, this study uses primary data collected directly from customers to compare their perceptions of service quality between Islamic and conventional banks. Therefore, this research is expected to provide more up-to-date empirical evidence and practical recommendations for improving banking service quality based on customers' needs and expectations.

METHODS

This study uses a quantitative approach with a comparative approach, aiming to analyze differences in customer perceptions of service quality at Bank Aceh Syariah and Bank Sumut Conventional (Takona, 2024). The quantitative approach was chosen because this study focuses on objectively measuring variables and statistically analyzing the numerical data obtained from respondents. The data sources in this study consist of primary and secondary data, primary data were obtained directly from respondents through questionnaires distributed to customers who have experience using the services of both types of banks, meanwhile, secondary data were obtained from scientific literature, research journals, reference books, and reports related to banking service quality (Engkizar et al., 2024; Hair, 2007; Han, 2018).

The population in this study was all customers of Islamic and conventional banks. The sampling technique used purposive sampling, which selects respondents based on specific criteria (Takona, 2024), such as having previously used Islamic and conventional banking services. The sample size for this study was 63 respondents. The research instrument used was a questionnaire with a five-point Likert scale to measure respondents' perceptions (Singh et al., 2018). The research variables were measured using the SERVQUAL dimensions, which include tangibles, reliability, responsiveness, assurance, and empathy. The compliance dimension from the CARTER model was added to accommodate the characteristics of Islamic banks.

Instrument testing was conducted through validity and reliability tests to ensure that the questionnaire was able to measure variables accurately and consistently (Asril et al., 2023; Engkizar et al., 2023). Furthermore, the data were analyzed using descriptive analysis techniques to describe the characteristics of the data, and inferential analysis using independent sample t-tests to determine differences in perceptions between customers of Islamic banks and conventional banks. Using these methods, the study is expected to provide an accurate empirical picture of differences in service quality and identify the dimensions that most influence customer perceptions (Elizabeth, 2016; Engkizar et al., 2025; Engkizar et al., 2026).

RESULT AND DISCUSSION

This study used primary data obtained through an online questionnaire (Google Form) distributed to customers of Islamic and conventional banks. The number of respondents was 63, spread across various demographic backgrounds.

Additional data was obtained from secondary sources, including literature, journals, bank annual reports, and official publications related to banking service quality.

Respondent Characteristics

Table 1. Respondent Characteristics Based on Gender

Gender	Amount	Presentation
Man	28	44%
Woman	35	56%
Total	63	100%

Table 2. Respondent Characteristics Based on Gender

Type of Bank	Amount	Presentation
Islamic Bank	28	44%
Conventional Banks	35	56%
Total	63	100%

The majority of respondents were women (56%) and the distribution between Islamic and conventional bank customers was relatively balanced, so that comparative analysis of service quality could be carried out objectively.

Instrument Test Results

Table 3. Validity Test Table

Item	r count	r table	Information
X1	0.512	0.248	Valid
X2	0.601	0.248	Valid
X3	0.544	0.248	Valid
X4	0.623	0.248	Valid
X5	0.578	0.248	Valid
X6	0.655	0.248	Valid
X7	0.59	0.248	Valid
X8	0.612	0.248	Valid
X9	0.534	0.248	Valid
X10	0.648	0.248	Valid

All items were declared valid, so the questionnaire could be used for research.

Reliability Test

Table 4. Reliability Test Table

Variables	Cronbach Alpha	Information
Quality of Service	0.852	Reliable

The research instrument is proven to be consistent (reliable) so that the data can be trusted.

Homogeneity Test

Table 5. Reliability Test Table

Variables	Sig.	Information
Quality of Service	0.123	Homogeneous

The data meets the classical assumptions of normality and homogeneity, so that the Independent Sample t-test analysis can be applied.

Hypothesis Testing

Table 6. Hypothesis Test Table

Variables	t count	Sig.	Information
Quality of Service	2.18	0.032	There is a significant difference

A p-value <0.05 indicates a difference in customer perceptions of the service quality of Islamic banks and conventional banks. This means that customers perceive the two types of banks to have different service quality.

Average Customer Perception

Table 7. Average Customer Perception Table

Type of Bank	Mean	Information
Sharia Bank (Bank Aceh Syariah)	3.85	Good
Conventional Bank (Bank Sumut)	4.1	Better

Based on Table 7 above, conventional banks have a slightly higher average perception than Islamic banks, particularly regarding service speed and digital technology utilization. Islamic banks still received good ratings for compliance with Islamic principles, employee empathy, and transaction security assurance.

Customer Perception Results Visualization Chart

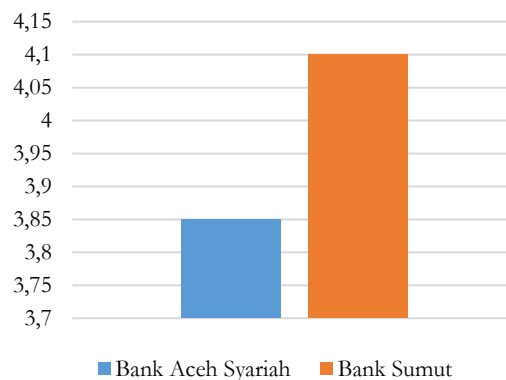


Fig 1. Perception scale

From the simple bar chart, it can be seen that conventional banks are superior overall in customer perception, but Islamic banks still receive good ratings on all dimensions of service quality.

The findings of this study demonstrate that customer perceptions of service quality are influenced not only by the technical performance of banking services but also by customers' expectations and experiences during service delivery. The higher perception of conventional banks indicates that customers increasingly prioritize fast transactions, efficient operational processes, and the availability of digital banking services. This finding is consistent with the SERVQUAL theory proposed by [Rahimizhian et al \(2020\)](#), which explains that reliability and responsiveness are among the most important dimensions in determining customers' evaluations of service quality. When customers receive prompt services, accurate transactions, and convenient access through digital platforms, they tend to perceive the overall quality of the bank more positively.

The results also support previous studies showing that digital transformation has become one of the key determinants of competitiveness in the banking industry. The rapid development of mobile banking, internet banking, and integrated financial services has changed customers' expectations regarding banking services. Customers no longer assess service quality solely based on face-to-face interactions but also on how easily they can access banking services anytime and anywhere. Therefore, banks that successfully integrate digital technology into their service systems are more likely to achieve higher customer satisfaction and stronger customer loyalty. This explains why respondents in this study perceived

conventional banks as superior in operational efficiency and technological capability.

Despite these advantages, Islamic banks demonstrate significant strengths in terms of Sharia compliance and customer care. These findings indicate that customers continue to value ethical banking practices, transparency in financial transactions, and personal attention provided by bank employees. The additional compliance dimension introduced in the CARTER model emphasizes that adherence to Islamic principles is an essential component of service quality evaluation in Islamic banking (Afifah & Kurniawati, 2021). Consequently, customers who prioritize religious values perceive Islamic banks as providing greater assurance regarding the conformity of financial products with Islamic principles. This characteristic represents a unique competitive advantage that distinguishes Islamic banks from conventional financial institutions.

Another important implication of this study is that customer perceptions are shaped by a combination of functional and emotional factors. Functional factors include service speed, transaction accuracy, and technological convenience, whereas emotional factors involve trust, empathy, fairness, and confidence in the banking system. This finding suggests that improving only one aspect of service quality is insufficient to create sustainable customer satisfaction. Instead, banks should adopt a balanced strategy that combines operational excellence with customer-centered service values. Such an approach is expected to strengthen long-term relationships between banks and customers while enhancing institutional competitiveness.

The findings of this study are generally consistent with previous research, although several differences are evident. Hikmah (2024) reported significant differences in certain dimensions of service quality between Islamic and conventional banks, while Prijanto (2021) found that customers tended to rate conventional banks more positively due to greater operational efficiency. Similarly, this study confirms that efficiency and technological capability remain important determinants of customer perceptions. However, the present study also reinforces the findings of Adi (2023), who argued that Islamic banks possess superior ethical values and stronger employee empathy. Therefore, the results of this study provide additional empirical evidence that both banking systems possess different competitive strengths rather than indicating that one system is universally superior to the other.

From a practical perspective, the findings offer several important implications for banking management. Islamic banks should continue strengthening their competitive advantage by maintaining compliance with Sharia principles while simultaneously improving digital banking infrastructure, transaction efficiency, and service responsiveness. Meanwhile, conventional banks should preserve their strengths in technology and operational performance while placing greater emphasis on personalized customer service, transparency, and relationship building. By integrating these complementary strengths, both types of banks can better respond to changing customer expectations in an increasingly competitive financial environment.

Overall, the findings successfully answer the objective of this study, namely to compare customers' perceptions of service quality between Islamic and conventional banks. The study confirms that significant differences exist between the two banking systems and demonstrates that customer perceptions are influenced by different service dimensions. Therefore, the results contribute not

only to the academic literature on banking service quality but also provide practical guidance for developing customer-oriented service improvement strategies that align with the evolving needs and expectations of banking customers.

CONCLUSION

This study concludes that there are significant differences in customers' perceptions of service quality between Islamic and conventional banks. Conventional banks are perceived to perform better in terms of service efficiency, operational speed, and technological capability, whereas Islamic banks are valued more highly for their compliance with Sharia principles and customer care. These findings indicate that customers evaluate banking services based on both functional aspects and value-based considerations. Therefore, improving service quality should not focus solely on operational performance but also on strengthening customer trust and meeting customers' expectations. This study contributes to the understanding of service quality in the dual banking system by providing empirical evidence that can support the development of customer-oriented service strategies while reinforcing the distinctive competitive advantages of both Islamic and conventional banks.

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DECLARATIONS

Author Contribution

Indri Yani Rangkuti: writing-preparation of original manuscript, conceptualization, visualization, investigation, methodology, improve language,
Salman Nasution: improve content, data accuracy.

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The data and language usage in this article have been validated and verified by English language experts and no AI-generated sentences are included in this article.

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Conflict of Interest

The authors declare that this research was conducted without any conflict of interest in the research.

Ethical Clearance

The place or location studied has agreed to conduct research and is willing if the results of this study are published.

Publisher's and Journal's Note

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