

THE EFFECT OF DEVELOPMENT AND FINANCIAL PERFORMANCE OF SHARIA BANK ON SERVICE QUALITY AND CUSTOMER SATISFACTION

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Abstract

This study aims to determine the effect of development and financial performance of Islamic banks on service quality and customer satisfaction in Indonesia. The method used is inductive qualitative. This approach uses a qualitative approach that focuses on library research. Sources of data come from references from books, journals, and related research. Data collection techniques use literature studies, expert books, and relevant scientific journals. Data analysis was carried out by searching, collecting and qualitatively comparing the various insights obtained. The research findings are carried out comprehensively and are related to various concepts and relevant literature studies. The results showed that the development of Islamic banks has a positive effect on service quality, financial performance has a positive effect on service quality, development of Islamic banks has a positive effect on customer satisfaction, financial performance has a positive effect on customer satisfaction, and service quality has a positive effect on customer satisfaction. The conclusion obtained is that the development of Islamic banks has a positive effect on service quality and customer satisfaction, financial performance has a positive effect on service quality and customer satisfaction, and service quality has a positive effect on customer satisfaction.

Keywords: Development, Financial Performance, Bank Sharia, Service Quality, Customer Satisfaction

1. INTRODUCTION

Indonesia is the country with the largest Muslim population in the world, with around 204 million Muslims. This large Muslim population has great potential for the development of Islamic banking. This development of sharia began to receive the government's attention when laws were passed that supported sharia banking.

Islamic banking is one of the banking products based on the Islamic economic system, the Islamic economic system, or Sharia, is now widely discussed in Indonesia. Many people are urging the Government of Indonesia to immediately implement an Islamic economic system in the Indonesian economic system in line with the destruction of the capitalist economic system. (Wilardjo, 2019) states that there is a Islamic banking was initially developed in response to financial groups and Islamic banking practitioners who wanted to respond to pressure from various parties who wanted financial services to be available according to moral values and the principles of Islamic Sharia. Muslims are expected to be able to understand the development of Islamic banks and develop them if they are in a position as managers of Islamic banks who need to carefully identify and identify all existing and potential partners for the development of Islamic banks. The development of Islamic banking in Indonesia has not been matched by optimal banking

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performance, especially for calculating Islamic financial ratios (Hafiez, 2012). Financial institutions that are developing really need proper and good control, so that the desired goals are achieved and in the future they can carry out evaluations.

Competition between banks in ASEAN is getting tougher and has an impact on their performance, including Islamic banks. Limitations and problems of Islamic banks in Indonesia include limited capital, financial resources, insufficient skills of human resources and low use of information technology. Therefore, Islamic banks must prioritize several challenges and strategies, such as financial product innovation, employee skill improvement, and updating the use of information technology. As observed, the innovation of financial products of Islamic banks is important for the gradual development of society based on the strategy.

Based on Islamic bank economic and financial report data 2021, Over the last ten years Sharia banking in Indonesia has grown quite well, but this has not been accompanied by market share, which as of June 2020 still represents 6.18% of the total banking market as a whole. (Wahyuningsih, 2019) explained that basically, the bank's profit comes from customers, which shows that banks are focusing on how to get more customers to increase their market share. Since a bank is a company that provides services to consumers, one way to increase the number of consumers or customers is to provide better service quality so that customers are satisfied so that they are ultimately loyal to the bank. As Islamic bank branches have been established in large numbers, the public is exposed to a wide range of products offered by Islamic banks. Quality service is very important to customers. The main component is the quality of the service, because the main products of the bank, ie. credit, is an offer that does not differ, and also the bank's services are easy to imitate. Thus, competition is largely influenced by the bank's ability to provide the highest quality service compared to its competitors.

Othman & Owen (2021) mention several reasons why Islamic banks need to pay attention to the importance of service quality. First, bank products and services are perceived by customers as having good quality religious values because they are based on Islamic principles. Second, the importance of implementing service quality in Islamic banks because it will relate to costs, profits, customer satisfaction, customer retention, positive word of mouth, as well as marketing the company and improving the bank's financial performance. Service quality was considered a key factor in the success and sustainability of banking, especially when the pressure of other institutions operating in the same industry is constantly increasing and the needs of customers are demanding. Islamic banking is considered to be the fastest growing business in the world in the last decade. This was acknowledged not only by Muslims but also by non-Muslims. The mission of Islamic financial institutions is usually the same as other traditional banks in the industry, but the difference lies in the rules and regulations. Islamic banks manage their affairs according to the principles laid down in the Islamic religion.

With the rapid development of Islamic banks, service quality is a key factor that becomes a competitive advantage. This is because it is easy for the bank, as a service company, to imitate the product being marketed. Therefore, it is natural that Islamic banks can provide excellent service quality to gain a competitive advantage over other banks. The establishment of more and more Islamic banks has intensified the competition among Islamic banks, which raises fundamental questions about Islamic bank customer satisfaction, which factors can affect customer satisfaction the most, and how customers perceive satisfaction. among Islamic banks currently developing. Customers perceive a significant difference such that they mentally prefer the Islamic banking brand or do customers perceive that there is no difference in the Islamic banking service.

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Customer satisfaction is the most important thing for a banking company that should not be ignored. Because customer satisfaction is an important part of a company's reputation in the wider community, customer service is important in increasing customer satisfaction. This is very important because the role of the customer is very important to increase the income directly or indirectly to support the existence of the company. This study aims to determine the effect of development and financial performance of Islamic banks on service quality and customer satisfaction in Indonesia.

2. LITERATURE STUDY

Islamic banks are banks that run their business according to Sharia principles. Islamic banks are financial service providers that operate based on Islamic ethics and value systems, especially interest-free (riba), free from unproductive speculations such as gambling (maysir), free from unclear and questionable issues (gharar), make sense of justice and finance only halal businesses (Munawir, 2005). Islamic banking shares the common characteristics of the banking industry, namely a highly regulated and trust-based industry. The Indonesian Islamic banking system is implemented with a system of profit-sharing principles that prioritizes cohesion, the value of ukhuwah and avoids speculative elements in every transaction (Alamsyah, 2010).

Development of Islamic Banks in Indonesia

Islamic banking developed quite rapidly and spread to many countries, even Western countries. Danish Islamic Bank International was registered as the first Islamic bank in Europe, namely in 1983 in Denmark. Now, major western banks such as Citibank, ANZ Bank, Chase Manhattan Bank and Jardien Fleming have also opened the Islamic window to provide Islamic Sharia banking services. One example is a brief map of the development of banking in Muslim communities throughout history. So judging by the development process, the germ of banking in Islamic society is made by an individual for the purpose of banking.

The existence of Islamic banks in Indonesia began in 1997 when Bank Muamalat was established as the first Islamic bank, thanks to the support of Islamic intellectuals and the Islamic community who are trying to build a riba-free banking system. In addition, many Islamic banks have sprung up in Indonesia because of government support issued in the form of Law no. 21 of 2008 as a strong legal basis. Therefore, there are strong legal considerations in the application of Islamic banks, other Islamic financial institutions and non-banking Islamic financial institutions.

At least four supporting factors drive the development of Islamic finance in Indonesia. The first is, of course, Indonesia's large Muslim population. According to the 2010 National Population Survey, there are at least 208 million Muslims among the population of 237 million. Second, the support of banking regulators, parliament, government and important Sharia organizations also contribute to the development of Sharia banking. Third, the strong performance of Islamic banks over the past two decades has attracted public attention to depositors and become business partners. Unlike conventional banks, Islamic banking has shown an optimal role as a banking intermediary as shown by several banking indicators. Fourth, Indonesia's economic performance supports the business operations of PT. Islamic Bank.

The Islamic banking system was introduced to provide Halal financial services to the Muslim community. In addition, for this purpose, this institution is expected to contribute to the socio-economic goals of Islam. The main objectives of the development of Islamic banks are not only to increase economic prosperity, but also to increase

employment opportunities, high economic growth, socio-economic justice and rational distribution of income and wealth, stability of the value of money, and savings and savings. investments in economic development. Islamic banking has different characteristics for service providers than conventional banking. The biggest difference between Islamic banks and conventional banks lies in the practice of doing business, where the activities are based on the principles of Shariah, and this principle is the main attraction for customers to use the services of Islamic banks.

Islamic Bank Financial Performance

Financial performance is an explanation of the economic consequences that can be obtained by a company or bank during a certain period of time through its business activities to generate profits efficiently and effectively, and its evolution is in the financial statements (Putri & Dharma, 2016). Bank performance in general is an illustration of the achievements that have been achieved by a bank in its operations, and the financial performance of a bank is a picture of a bank's financial position over a certain period of time, both in terms of funding and financing (Munir, 2017).

Financial results are an analysis that evaluates the extent to which the company has implemented good and correct financial management rules (Fahmi, 2012). Rudianto (2013) also states that financial performance is the result or achievement achieved by the company's management in fulfilling its task of effectively managing the company's assets over a period of time. Financial indicators are used to measure financial performance. According to Fahm (2020), financial ratios are a corporate performance analysis tool that explains various relationships and financial indicators that aim to show changes in financial position or past performance and help illustrate the role of these changing patterns.

Service Quality

The definition of quality according to Kotler is all the characteristics and characteristics of a product or service that affect the ability to satisfy needs, either clearly stated or implied. Services are defined as activities carried out by producers in order to meet the needs and desires of consumers so that consumer satisfaction is achieved (Satriyanti, 2012). Service quality is a form of assessment of the level of service provided by the bank to customers in accordance with what is expected (Harahap & Amanah, 2019). Quality of service as a form of evaluation of the plans, activities, efforts and efforts made by the company to fulfill the desires, expectations and needs of consumers and to achieve a sense of pleasure and satisfaction from consumers so that consumers can use the company's products and services.

Service quality is one of the most important success factors for banks, but service quality is often very difficult to measure due to its unique characteristics (Hoffman and Bateson, 2002). Service quality refers to the nature of the service received as evaluated by the customer. Today, people need more excellent service, not only the quality of the products, but prefer to enjoy the convenience of the service.

Othman & Owen (2001) developed the CARTER model to define and measure service quality in Islamic banking. This is because the SERVQUAL model is considered inappropriate in Islamic banking because it has a compliance dimension that Islamic banking must maintain because its financial operations are based on Shariah principles. Thus, while the SERVQUAL model has only five dimensions, the CARTER model developed by Othman and Owen adds one dimension, namely Islamic affiliation. Thus, CARTER's model for measuring service quality consists of six dimensions. The six dimensions are as follows:

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1. Compliance is the ability to observe Shariah principles as applied in Shariah banking (Othman and Owen, 2011). This means that any product or service developed and offered by Islamic banks must comply with Islamic law.
2. Assurance is the knowledge and courtesy of Islamic banking staff and their communication skills to provide customers with confidence (Othman and Owen, 2001). Therefore, good service quality requires Islamic bank employees who are polite, professional and competent to work and provide solutions to customers' financial problems (Janahi and Almubarak 2015).
3. Reliability is the ability to provide services that are promised, reliable, accurate and that customers can trust (Othman and Owen, 2001). Credibility can make Islamic banks more efficient and improve customer satisfaction (Janahi and Almubarak, 2015).
4. Perceptible is physical evidence related to the presence or appearance of physical facilities, equipment, personnel and communication materials (Othman and Owen, 2001). Qureshi et al. (2012), service quality can perform well in Islamic banking if it is supported by tangible elements.
5. Empathy is concern, the individual concern of Islamic banks for their customers (Othman and Owen, 2011). Empathy has been shown to be a very important dimension of service quality in Islamic banking, which can ultimately lead to customer satisfaction (Qureshi et al., 2012; Othman and Owen, 2001; Osman et al., 2009).
6. Responsiveness is the ability to help customers and provide services quickly and provide clear information (Lupiyoadi, 2001). Responsiveness leads to a willingness to help customers and provide prompt service (Othman and Owen, 2001).

The six dimensions of CARTER's model are an extension of Parasuraman's SERVQUAL model (Parasuraman et al., 1988). However, since the model does not have a dimension measuring compliance with Islamic principles, Othman and Owen (2001) developed the CARTER model to measure service level. Quality of Islamic Banking.

Customer Satisfaction

According to Kotler and Keller (2009), satisfaction is the pleasure or disappointment that results from comparing product performance with desired expectations. If the performance of the product does not meet the expectations, the customer is disappointed, if the performance of the product exceeds the expectations, satisfaction occurs. To maintain the company's position in the market, it is necessary to achieve customer satisfaction with the company's services (Wahab, 2017).

Fast and high-quality services of Islamic banks ensure customer satisfaction. Satisfied customers share their positive experiences with others and become a source of word-of-mouth advertising. On the other hand, dissatisfied customers spread negative word of mouth and are more likely to switch to another product or service. The bank should be aware of the expected satisfaction of the customers by increasing the ability to use the customers (Hamzah et.al, 2015). Customer satisfaction is a modern approach to quality in organizations that serves the development of customer-oriented management and culture (Mihelis et.al, 2001 and Hamzah, et.al, 2015).

Customer satisfaction indicates that satisfaction and dissatisfaction are the reactions of customers to the perceived fit evaluation (disconfirmation) between previous expectations (other performance standards) and the actual performance experienced using the product. Satisfaction can be interpreted as a feeling of satisfaction, pleasure and relief that a person has when he has consumed a product or service from another person or

institution concerned. There are 5 (five) main factors that a company should consider when determining the level of customer satisfaction, namely:

1. Product quality. Customers are satisfied with the results of their evaluations, which show that the products they use are of high quality.
2. Quality of service. Especially in the manufacturing industry, customers are satisfied when they receive good or expected service.
3. Emotional. Customers feel proud and sure that other people will be surprised by them when they use a product of a certain brand, are usually very satisfied. The satisfaction achieved is not the quality of the product, but the social value that makes customers feel satisfied.
4. Price. Products of the same quality set a relatively low price, offer greater value to customers.
5. Payments. Customers who do not incur additional costs or who do not need to waste time to buy the product.

3. RESEARCH METHODOLOGY

The method used in this research is an inductive qualitative method. This approach uses qualitative methods that focus on library research. The purpose of this article is to examine data through reference books and research journals as well as conduct analysis. Sources of data come from references from books, journals, and related research. The data collection techniques used were literature studies, expert book studies, and relevant scientific journals.

Data analysis was carried out by searching, collecting and qualitatively comparing the various insights obtained. The findings of this research are carried out comprehensively and are related to various concepts and relevant literature studies.

4. RESULT AND DISCUSSION

Effect of Development of Islamic Banks on Service Quality

The development of Islamic banking in Indonesia has become a measure of the success of the Islamic economy. The financial crisis that started in 1998 overwhelmed the traditional banks and many of them had to go into liquidation due to the failure of the interest system. However, banks implementing the Shariah system can still exist and survive (Fitria, 2015). This is evidenced by the existence of Indonesia's first Islamic bank, Bank Muamalat Indonesia (BMI), which was established on November 1, 1991 and began operations on May 1, 1992. In its development until March 2013, BMI became a pioneer to other Islamic banks and adopted this system during the proliferation of conventional banks (Choiriyah et al., 2021). This is consistent with research (Marlina et al., 2015) which shows that the development of Islamic banking in Indonesia is increasing every year, and the number of Islamic financial institutions, Islamic insurance, Islamic investment funds and other Islamic financial institutions is increasing. . The development of Islamic banking in Indonesia is supported by Law No. 21/2008 on Islamic Banking, which creates a strong foundation for the development of the Islamic banking sector in Indonesia and promotes its growth and competition. The entry into force of the ASEAN Economic Community (AEC) in 2016 for the banking sector will further strengthen the competition of Sharia banking in Indonesia.

Islamic banking in Indonesia has developed significantly and is promising. Operations so far have been very strong to contribute to economic performance. Connection with money markets and Islamic capital, takaful and non-bank Islamic financial institutions linked industrial activities with other institutions to finance a common

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real sector. However, in order to maintain and develop this promising industry, at least three challenges must be addressed through some proposed measures (Ismal, 2011). The growth and development of Islamic banking in Indonesia, including the increase in the number of Islamic banks, growth in assets, DPK, and financing, as well as the challenges faced by the industry (Nofinawati, 2015). The results of the study (Sari et al., 2013) explain that several factors, including lack of consumer trust and understanding of Islamic banking, lack of government support, and banking regulations that have not fully accommodated Islamic bank operations.

The results of the study show the importance of a specific dimension of MCSQ in improving the service quality of Islamic commercial banks from the perspective of Indonesian Muslim consumer behavior. A specific dimension consisting of Islamic values such as Shariah compliance, honesty, decency, humanity and trustworthiness was found as an important dimension of service quality in Islamic commercial banks according to Indonesian Muslim consumers (Asnawi et al., 2020). The importance of service quality to business success and customer satisfaction, especially in Islamic banking based on Islamic principles in service quality, especially in the context of the banking sector (Yusuf et al., 2021). The development of Islamic banks is supported by the implementation of the merger program of three Islamic banks to form Bank Syariah Indonesia, the results of which significantly affect customer satisfaction and service quality. Bank Syariah Indonesia improves services such as advising on financial products, responding to customer complaints and providing adequate parking spaces (Meilani & Sugiarti, 2022). However, this is not consistent with research (Aisyah, 2018), which shows that Islamic banks have not been able to build strong relationships with customers, so it is still possible to switch to other banks that offer better products and services. the service quality of Islamic banks still does not support their strategy.

Effect of Financial Performance on Service Quality

Islamic banks in Indonesia have had a fairly good financial performance during the 2011-2013 period. The financial ratios used in this study indicate that Islamic banks in Indonesia have a good level of profitability, sufficient liquidity, adequate capital solvency, good income diversification, and relatively good asset quality. (Setyawati et al., 2015). In addition, it is supported by research (Fatmasari & Kholmi, 2018) showing that the ratio of Islamic Income versus Non-Islamic Income all has high results or can be said to be very good. The average score is above 35%, which indicates that all banks receive a very good rating. This indicates that the bank pays attention to every incoming income.

The research results of this paper show that good corporate governance (GCG), Shariah boards (DPS), financing to deposit (FDR), profit sharing financial ratio (PLS), profit and financial level ratio and interim syirkah- ratio significantly affected the financial performance of Islamic banks in Indonesia. In addition, this study also shows that non-current financing (NPF) has a negative impact on return on assets (ROA). The results of this study can provide insight into the factors that affect the financial performance of Islamic banks in Indonesia and can be used as a benchmark for bank management to improve their financial performance (Mukhibad & Khafid, 2018). This research is in line with the signal theory that if the total non-performing financing ratio in Islamic Banks increases, it will give a signal that the profitability or financial performance of Islamic Banks will also be affected (Pramono & Widiarto, 2019).

Effect of Development of Islamic Banks on Customer Satisfaction

Indonesian people respond positively to adopting technological developments and changes. The financial business sector must be able to adopt technology to strengthen customer loyalty and commercial success. Islamic bank customer retention in Indonesia is influenced by customer satisfaction in utilizing digital services, especially after the COVID-19 pandemic as an era of digital transformation (Alfarizi, 2023). The relationship between the service quality of sharia mobile banking represented by five dimensions, namely convenience, security, ease of use, application and application system design, and customer satisfaction in Indonesia shows that sharia mobile banking application system plays an important role in customer formation satisfaction (Putri & Sari, 2021). In addition, the development of market orientation has a positive and significant effect on customer satisfaction (Saraswati, 2022).

Islamic marketing has a significant impact on customer satisfaction. This means that the Shariah marketing practiced by Bank Muamalat can affect customer satisfaction. Company image has a significant impact on customer satisfaction. This means that the corporate image owned by Bank Muamalat can affect customer satisfaction (Setyono et al., 2015). However, the results of the study (Rusmahafi & Wulandari, 2020) show that brand image does not have a significant impact on customer satisfaction. This was followed by the statement (Tamaruddin et al., 2020) that self-service technology has no direct impact on customer satisfaction in the development of online banking services.

(Febriansyah et al., 2022) refers to the importance of customer satisfaction so that satisfied customers remain loyal to the bank and conveys positive word of mouth about the use of Shariah products. Therefore, banks must upgrade their skills and improve information technology to increase customer satisfaction and loyalty. Islamic banks must develop appropriate feasibility studies to determine strategic locations of branches and upgrade their infrastructure in the form of modern buildings and equipment, including teller machines with digital information systems, comfortable waiting rooms with comfortable seats, advanced software and hardware, etc. maintain and improve the efficiency of operations and management of Shariah banks. Banks must respond positively to this technological change, being complacent and not simply waiting for change because of regulators. rather, they need to work on core strategies that can redefine banking in this new digital and competitive era. The success or failure of Islamic banking in Indonesia today largely depends on its ability and policies to anticipate and quickly respond to market changes (Aisyah, 2018).

The results of the study (Candera & Indah, 2021) show that there are significant differences in the financial performance of Islamic commercial banks and Islamic commercial entities before and during the Indonesian Covid-19 pandemic using different financial ratio indicators such as non-performance. Financing, solvency ratio and return on assets. However, it shows that there were no significant differences in NPF, CAR or ROA between Islamic commercial banks and Islamic business units before and during the Covid-19 pandemic. Internal factors such as financial ratios are used as a benchmark to focus on the performance of Islamic banks before and during the Covid-19 pandemic.

Effect of Financial Performance on Customer Satisfaction

Providing convenience in financial consultations and interest-free products in accordance with sharia are priority aspects of forming customer satisfaction in conducting transactions at Islamic banks (Cahyani, 2016). According to (Siswanti & Sukoharsono, 2019) that the results of research from this journal show that Islamic financial performance

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mediated by Islamic intellectual capital has a significant positive influence on the business continuity of Islamic banks in Indonesia.

The results of the study show that service quality and customer value significantly affect customer/customer satisfaction. With the service quality indicator, fast service has the highest correlation in creating customer satisfaction, especially satisfaction with receiving fast service. From the point of view of customer value, the expected result to influence customer satisfaction is service speed (Rusmahafi and Wulandari, 2020). This shows that financial performance has a positive effect on customer satisfaction, which affects customer loyalty. Customer loyalty and financial performance together positively influence the willingness to buy.

If the performance is lower than expected, the consumer is not satisfied. When performance exceeds expectations, consumers are very satisfied or happy. High satisfaction from consumers creates emotional attachment to certain brands, not just rational likes/preferences. High satisfaction will encourage high loyalty so that many organizations aim to achieve total customer satisfaction. Satisfying consumer desires can be done by identifying customer needs and expectations/perceptions of customer expectations.

Effect of Service Quality on Customer Satisfaction

The results of the conducted study (Rusmahafi & Wulandari, 2020) show that the service quality and customer value of Bank Muamalat significantly affect customer/customer satisfaction. With the service quality indicator, fast service has the highest correlation in creating customer satisfaction, especially satisfaction with receiving fast service. It is an interesting observation that the need of consumers for fast service as it occurs in conventional banks is also present in Islamic banks such as Pakurar et al. (2019), according to which service quality, including on-time service, affects customer satisfaction.

The results of the study of Yulfis et al. (2020) also show that the quality of the products of Islamic banks has a positive and significant effect on the awareness of the customers. This effect reflects that the greater the benefits of being a customer of an Islamic bank, the greater the awareness. Also, if the products of Islamic banks are more attractive, the awareness is also higher.

Companies must improve service quality to develop customer loyalty because currently the growth of the banking world in Indonesia is increasing and has a broad impact on society. So, every bank is trying to attract as many customers as possible. by increasing customer satisfaction. Islamic banking assumes that customer satisfaction is determined by the quality of products and services desired by customers, so that quality assurance is the most important thing in Islamic banking. Service quality and customer satisfaction are two main issues that are closely related, namely customer expectations of service quality and customer perceptions of service quality.

5. CONCLUSION

From the research it was concluded that: 1). The development of Islamic banks has a positive effect on service quality. Islamic banking in Indonesia has developed significantly and is promising. The development of Islamic banks is supported by the implementation of the merger program of three Islamic banks to become Bank Syariah Indonesia with the results having a significant influence on customer satisfaction and service quality. 2). Financial performance has a positive effect on service quality. Islamic banks in Indonesia have had a fairly good financial performance during the 2011-2013 period. Financial ratios show that Islamic banks in Indonesia have a relatively good level of quality. 3). The development of Islamic banks has a positive effect on customer

satisfaction. Indonesian people respond positively to adopting technological developments and changes. The importance of customer satisfaction is so that satisfied customers will remain loyal to the bank and convey positive word of mouth to use sharia products. 4). Financial performance has a positive effect on customer satisfaction. Providing convenience in financial consultations and interest-free products in accordance with sharia are priority aspects in forming customer satisfaction in conducting transactions at sharia banks. 5). Services quality has a positive effect on customer satisfaction. Service quality Fast service which is an indicator of service quality has the highest correlation in creating customer satisfaction, especially in the satisfaction of receiving fast service.

The results of the study show that the development and financial performance of Islamic banks has a significant effect on customer satisfaction in Islamic banking. Therefore, Islamic banking must improve the performance and quality of its services to attract as many customers as possible and increase customer satisfaction.

From the description above, we can see that research on development and finance effects islamic bank performance on service quality and customer satisfaction is a very interesting topic to be explored further, because there is still little literature that discusses it. in addition, islamic banks have just been established in 2020, so they still need a lot of input so that they can continue to develop and change for the better. therefore, the authors hope that this research can be used as a reference for similar studies in the future, especially in the field of financial performance or strategies to be used by islamic banks to face global competition.

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