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Customer Perception Regarding the Range and Quality of Shariah-based Services Offered by Islamic Bank Bangladesh PLC

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Abstract

The fundamental principle of Islami Bank Bangladesh PLC extends beyond mere profit generation; it aims to create a banking system focused on welfare that aligns with Islamic Shariah principles. The objectives of this bank encompass a combination of spiritual, social, and economic aims. This study aims to investigate how customers in Bangladesh perceive the diversity and quality of Shariah-compliant financial products and services offered by Islamic Bank Bangladesh PLC. A quantitative research method was utilized, employing a structured questionnaire that was distributed to a sample of 170 existing customers from various branches of Islamic Banks Bangladesh PLC located in Dhaka, specifically in Motijheel, Mirpur, Banani, Mohammadpur, and Uttara. The data analysis was conducted using the statistical software SPSS 26.0. The findings suggest an overall favorable view regarding the Shariah-compliance and ethical principles underpinning Islamic banks. Moreover, the caliber of services, especially regarding the responsiveness of customer service, the expertise of staff in Islamic finance, and the sharia-compliant processing of financing applications, was recognized as a vital area requiring enhancement. The findings offer essential insights for the management of Islamic banks and their policymakers in Bangladesh. Financial institutions are urged to prioritize the development of innovative products and broaden their offerings beyond traditional savings and lending solutions. It is advisable to make substantial investments in staff training, digital infrastructure, and customer service efficiency to elevate service quality, cultivate customer loyalty, and boost competitiveness within Bangladesh's dual-banking system. This study adds to the current body of knowledge by offering a modern

and evidence-based examination of customer-focused factors within the Islamic banking sector in Bangladesh. This provides a structured approach to comprehending how the dimensions of range and quality influence customer perception, thus offering practical strategies for growth and maintaining customer loyalty.

Keywords: *Islamic Banking, Customer Perception, Shariah-compliant, Service Quality, Product Range, Bangladesh.*

I. INTRODUCTION

Islami Bank Bangladesh PLC (IBBPLC) is among the largest private sector banks in Bangladesh, founded on March 30, 1983. It functions as a Shariah-compliant financial organization, offering an extensive array of banking services, including retail, corporate, investment, and foreign currency banking (IBBPLC Annual Report, 2023). The bank employs more than 21,000 personnel throughout its vast network of branches and agent banking locations (IBBPLC Annual Report, 2023). It spearheaded the Islamic banking sector in Bangladesh, adhering to the concepts of profit-and-loss sharing (Mudaraba, Musharaka) and eschewing interest (Riba) in all transactions (Kamal et al., 2020). IBBPLC serves as the preeminent institution of its type in the nation, significantly impacting the Bangladeshi economy. It sustains a vast network of branches and possesses a substantial portion of the nation's deposits and assets. The bank provides an extensive array of Shariah-compliant goods and services, encompassing several deposit schemes, investment financing techniques, and lending programs for SMEs and agriculture (Islam et al., 2024). An essential component of IBBPLC's operations is its dedication to social welfare via Islamic microfinance and CSR projects, with the objective of reducing poverty and fostering equitable economic development (Kamal et al., 2020). Despite encountering obstacles associated with market rivalry and upholding rigorous Shariah compliance, Islami Bank Bangladesh PLC continues to be a fundamental pillar of the Islamic finance sector and a significant contributor to the national economy (IBBPLC Annual Report, 2023).

This study centers on understanding how customers perceive the range and quality of Shariah-compliant services provided by Islami Bank Bangladesh PLC. The understanding of customers about the range and innovation of Shariah-compliant products (such as Murabaha, Ijara, Diminishing Musharaka, Islamic credit cards, Takaful) designed to address contemporary banking requirements is an essential aspect of the investigation. In addition, research will include the efficiency, reliability, convenience, and compliance of these services, frequently assessed in comparison to traditional banking standards. The relationship between customer perception and satisfaction underscores the importance of this study. Existing studies indicate that range and quality are interrelated (Begum et al., 2022, Kamal et al., 2020). A restricted selection of products, such as solely providing Murabaha, may result in unfavorable views regarding quality if it fails to address customer demands for flexibility or affordability (Ashraf et al., 2025). On the other hand, a diverse array of inadequately explained or inefficiently presented products will contribute to a negative perception (Ashraf et al., 2025). The quality of service is consistently recognized as a more significant factor influencing customer satisfaction and loyalty than religiosity alone, provided that a fundamental level of Shariah compliance is met (Begum et al., 2022). Research indicates that

customers often view the service quality of Islamic banks as inferior compared to that of conventional banks across various operational domains (Ahmed et al., 2020). Customer dissatisfaction is prevalent, particularly regarding financing products, due to the complicated asset-backed nature of the contracts involved. Research further indicates that although there are advancements, digital applications and online platforms of Islamic banks are frequently viewed as lacking in user-friendliness and comprehensive features. Additionally, when employed in Islamic banks, personnel are required to possess expertise in both banking operations and Shariah principles. Studies indicate that a deficiency in either area results in a negative customer experience and diminishes trust (Khan & Azam, 2016). The most important element of quality for an Islamic bank is the assurance of Shariah compliance. Any uncertainty or controversy surrounding a product's adherence to regulations can significantly undermine customer perception and trust, potentially leading to irreversible consequences (Ullah, 2014). Clients anticipate openness and straightforward dialogue from Shariah boards. The understanding of quality is, consequently, fundamentally connected to the perceived robustness of the bank's Shariah governance framework.

Hence, it can be said that the ideal condition of an Islami Bank involves a varied range of genuine Shariah-compliant products provided with exceptional operational efficiency. Presently, studies suggest that Bangladeshi Islamic banks fall somewhere between these two principles, achieving proficiency in neither while advancing in both (Shafiq & Nasr, 2020). Although extensive research has been conducted on customer satisfaction and the acceptance of Islamic banking in Bangladesh, several gaps persist. Notably, the perceptions of the product's range and quality have not yet aligned with these research advancements. A "knowledge gap" exists, as clients frequently lack awareness of the complete array of available items (Rehman & Masood, 2020). Moreover, a deficiency remains in sophisticated corporate banking and hedging instruments. This study aims to address existing research gaps through this investigation.

II. OBJECTIVE OF THIS STUDY

This study aimed to investigate the perception of the customers regarding the range and quality of Shariah-based services offered by Islamic Bank Bangladesh PLC

III. RESEARCH METHODOLOGY OF THIS STUDY

This paper emphasizes quantitative research, primarily adhering to the survey method of research. The collection of numerical data and statistics was essential, as the objective was to establish a new level of customer perception. This could not have been achieved through a qualitative approach, which emphasizes words and deeper perceptions of a phenomenon. A common group of individuals sharing the same social status, as determined by factors such as age, educational attainment, occupation, social stratification, income, transaction frequency, and engagement with banking products, is characterized as the study population. The study involved the random selection of 150 regular customers from Islami Bank Bangladesh PLC to ensure a diverse pool of potential respondents. The managers of the banks were asked to facilitate personal conversations with customers, and their email addresses were gathered. A portion of the customers readily agreed to participate in the survey, while in other instances,

the survey questionnaire was distributed via the customers' email addresses. We received customer feedback for duration of 30 days, during which we gathered 170 valuable responses, with 150 of these collected electronically. We carried out the survey among the targeted group in Dhaka, the capital city of Bangladesh. The specific areas of focus included Mirpur, Motijheel, Gulshan, Dhanmondi, Banani, Rampura, Mohakhali, Uttara, and Banglabazar within Dhaka city. We selected the areas based on the availability of respondents, primarily focusing on industrial zones such as garment factories, motor repair workshops, corporate offices, bus terminals, and residential neighborhoods. The data collected underwent analysis utilizing the Computer Software Package SPSS 26.0. Ethical considerations surrounding data collection, research execution, and result reporting were meticulously addressed. The selection of participants primarily relied on their eagerness and enthusiasm to share their class activities with the current investigator. At the outset of the survey, all potential participants were informed about the objectives of the research, and it was made clear to them and their respective branch that their identities would be protected through the use of pseudonyms. It was assured that the confidentiality of every participant's intellectual property and privacy would be upheld during the entire study. The names, identities, and comments of the participants were managed with the utmost importance and consideration.

IV. FINDINGS OF THIS STUDY

It was described in the method section that data were collected using a questionnaire survey and analyzed using SPSS 26.0. The results of the data analysis have been presented below:

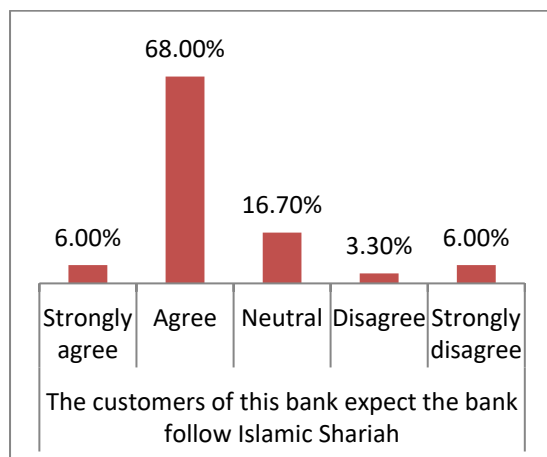


Chart One

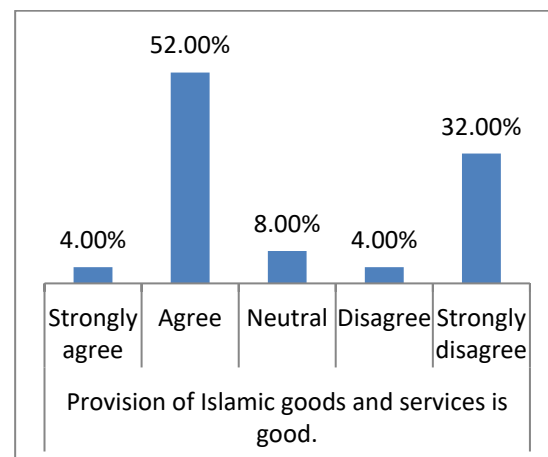


Chart Two

Statement one explored whether the customers of IBBPLC expect the bank follows Islamic Shariah or not. Chart one shows that 74% of the participants agreed with the statement and only 17% of the participants chose the option "Neutral". On the other hand, statement two explored if the provision of Islamic goods and services is good or not. Chart two shows that 56% of the customers opined that the provision of Islamic goods and services of IBBPLC is good. However, almost 36% of the participants disagreed with the claim. Hence, it can be

said that many customers of this bank possess negative perception about the provision of Islamic goods and services of IBBPLC.

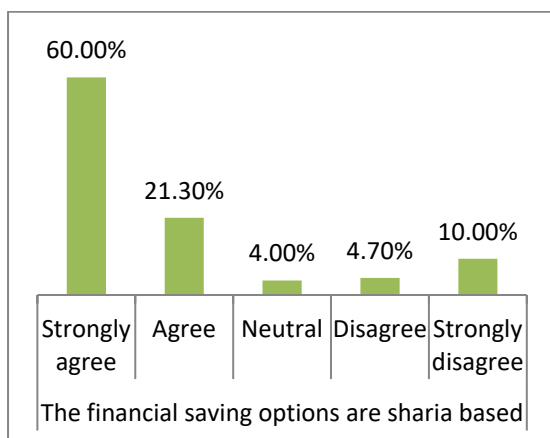


Chart Three

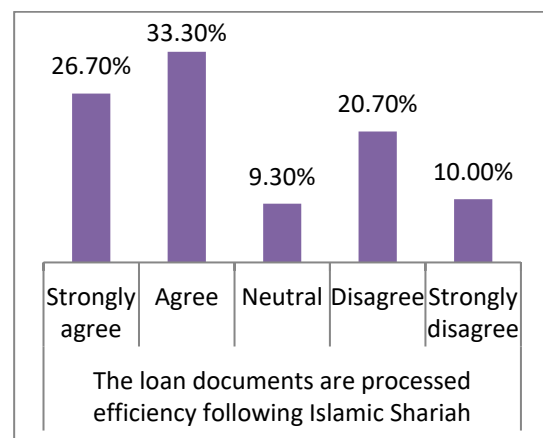


Chart Four

The third statement claimed that the financial saving options of IBBPLC are shariah based. Chart three shows that almost 81% of the respondents agreed or strongly agreed with the claim. So, it can be said that the customers have a positive perception about the shariah based savings option of this bank. On the other hand, statement four claimed that the loan documents are processed efficiency in IBBPLC following Islamic Shariah. Chart four shows that almost 57% of the participants believed that the loan documents are processed efficiency in IBBPLC following Islamic Shariah. However, almost 31% of the respondents disagreed with the claim. So, it can be summarized that many customers of this bank are in doubt about the practicality of the shariah based loan processing system.

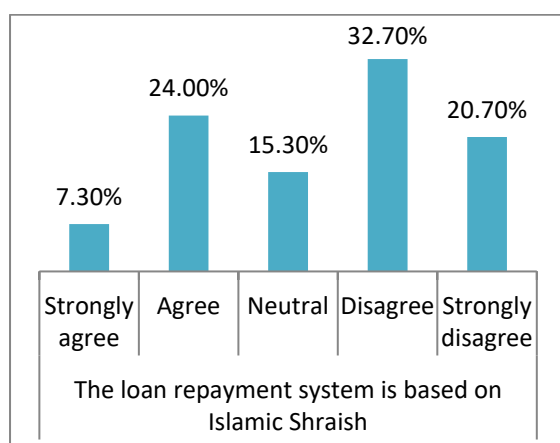


Chart Five

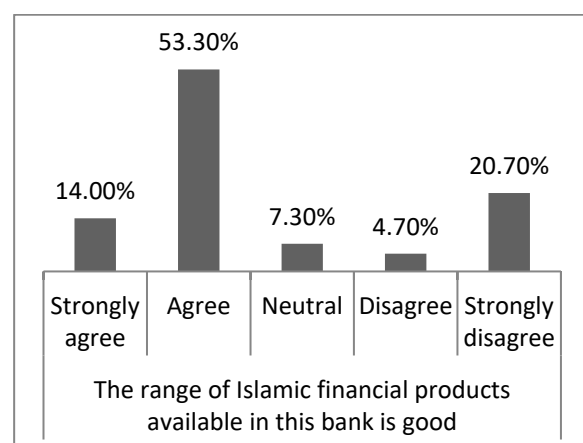


Chart Six

Statement five claimed that the loan repayment system is based on Islamic Shariah. Chart five shows that almost 31% of the participants believed that loan repayment system is based on Islamic Shariah. However, almost 53% of the respondents disagreed with the claim. Besides, almost 15% of the respondents could not decide about the claim. So, it can be summarized that many customers of this bank are in doubt about the claim of the sharia based

loan repayment system. Statement six claimed that the range of Islamic financial products available in this bank is good. Chart six shows that almost 63% of the participants believed the range of Islamic financial products available in this bank is good. However, almost 25% of the respondents disagreed with the claim. Besides, almost 7% of the respondents could not decide about the claim. So, it can be summarized that many customers of this bank are satisfied about the range of Islamic financial products available in this bank.

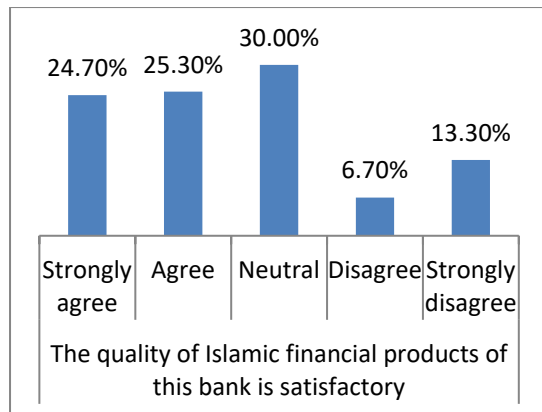


Chart Seven

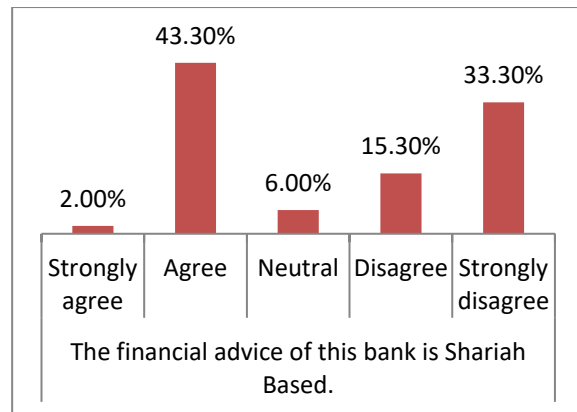


Chart Eight

Statement seven claimed that the quality of Islamic financial products of this bank is satisfactory. Chart seven shows that almost 50% of the participants believed the quality of Islamic financial products of this bank is satisfactory. However, almost 20% of the respondents disagreed with the claim. Besides, almost 30% of the respondents could not decide about the claim. So, it can be summarized that many customers of this bank are in doubt about the quality of Islamic financial products of this bank. Statement eight claimed the financial advice of this bank is Shariah Based. Chart eight shows that almost 45% of the participants believed that the financial advice of this bank is Shariah based. However, almost 48% of the respondents disagreed with the claim. Besides, almost 6% of the respondents could not decide about the claim. So, it can be summarized that majority of the customers of this bank are in doubt about the claim of the financial advice of this bank that it is Shariah based.

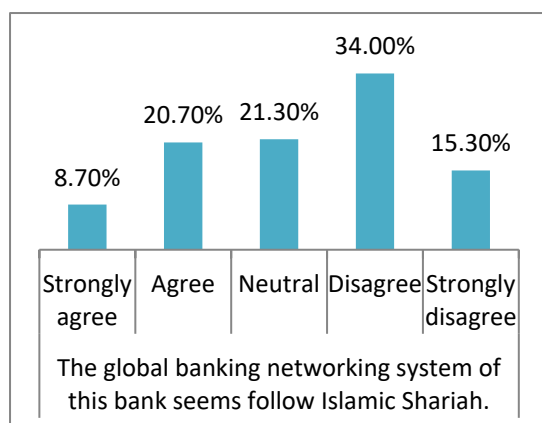


Chart Nine

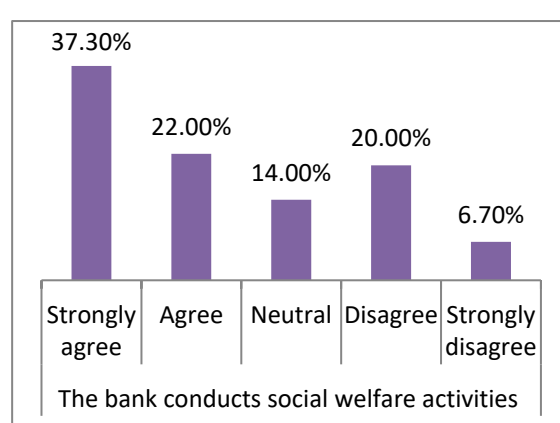


Chart Ten

Statement nine claimed that the global banking networking system of this bank seems follow Islamic Shariah. Chart nine shows that almost 29% of the participants believed the global banking networking system of this bank seems follow Islamic Shariah. However, almost 49% of the respondents disagreed with the claim. Besides, almost 21% of the respondents could not decide about the claim. So, it can be summarized that majority of the customers of this bank are in doubt about the claim of the global banking networking system of this bank seems follow Islamic Shariah. Statement ten claimed that the bank conduct social welfare activities. Chart ten shows that almost 59% of the participants believed the bank conduct social welfare activities. However, almost 27% of the respondents disagreed with the claim. Besides, almost 14% of the respondents could not decide about the claim. So, it can be summarized that majority of the customers of this bank believe that the bank conduct social welfare activities.

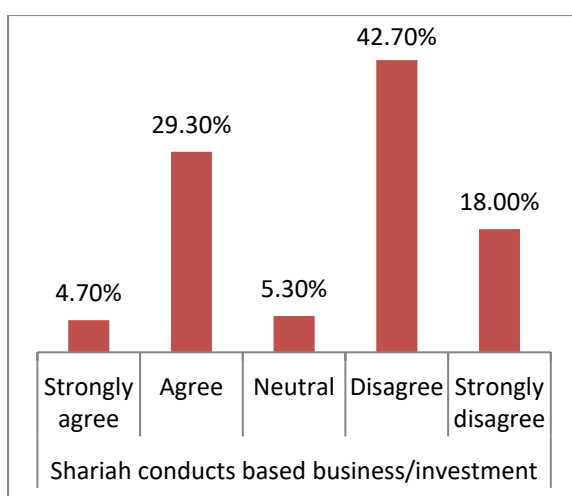


Chart Eleven

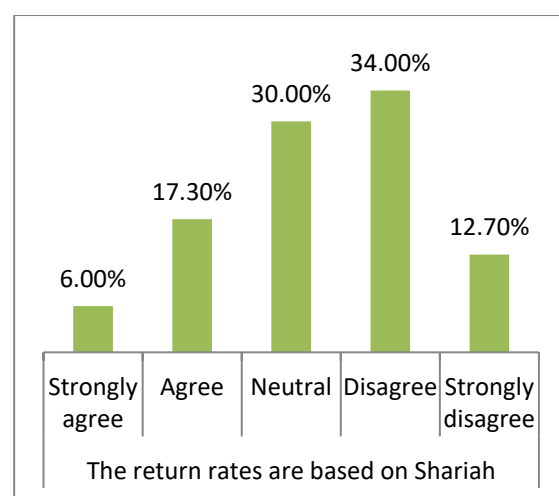


Chart Twelve

Statement eleven claimed that the bank runs shariah based business/investment. Chart eleven shows that almost 34% of the participants believed the bank runs shariah based business/investment. However, almost 61% of the respondents disagreed with the claim. Besides, almost 5% of the respondents could not decide about the claim. So, it can be summarized that majority of the customers of this bank are in doubt about the claim that the bank runs shariah based business/investment. Statement twelve claimed that the bank calculates return rates based on Shariah. Chart twelve shows that almost 23% of the participants believed the bank calculates return rates based on Shariah. However, almost 46% of the respondents disagreed with the claim. Besides, almost 30% of the respondents could not decide about the claim. So, it can be summarized that majority of the customers of this bank are in doubt about the banks claim in this regard.

V. DISCUSSION ON THE FINDINGS

The fundamental difference between Islamic and conventional banking is the strict prohibition of “Riba” (interest). According to Islamic Shariah, money itself is not considered a commodity that can be rented out for a price (interest). Instead, money must be used as a “medium of exchange” to facilitate real economic activity and trade in tangible assets and

services. The global Islamic finance industry has witnessed exponential growth over the past two decades, with Islamic banking being its most significant segment. Bangladesh, with its overwhelming Muslim population and a strong historical push for an interest-free economy, represents a critical market for this industry. Bangladesh Bank has actively promoted Islamic banking as a parallel banking system, leading to a substantial increase in its market share in terms of assets and deposits. Early literature primarily attributed the choice of Islamic banking to religious motivation (Haque et al., 2009; Raza et al., 2018). According to this study, customers were perceived to choose Islamic banks primarily to fulfill their religious obligation of avoiding “Riba” (interest). This remains a powerful, foundational driver in the Bangladesh context.

According to many studies, the perception of Bangladeshi customers towards the range and quality of Shariah-compliant services is in a state of transition. The initial driver behind choosing islami banks was unequivocally religious, but as the market matures, customers are demanding functional parity with conventional banks. They seek a comprehensive suite of Islamic financial products that are not only religiously authentic but also delivered with superior service quality, technological convenience, and competitive pricing. Islamic banks in Bangladesh must, therefore, invest equally in product innovation (to expand the range) and operational excellence (to enhance quality) to align customer perception with their growth ambitions and truly compete in the modern banking landscape. The current study, however, has found that most the customers of IBBPLC possess positive perception about the range of products of this bank. A significant body of work from the early 2010s highlighted customer concerns about a lack of product diversity and standardization (Khan, 2012). Customers often found the product range limited compared to conventional banks, particularly in areas like investment banking, sophisticated treasury products, and consumer financing options. So, it can be said that customers’ perception regarding the range of the products of IBBPLC is becoming positive day by day.

As mentioned earlier, the initial driver behind choosing Islami Banks Bangladesh PLC by the customers was unequivocally religious. However, this study reveals an overall negative perception about the quality of the service of IBBPLC. For example, many customers of this bank possess negative perception about the provision of Islamic goods and services of IBBPLC. Besides many are in doubt about the practicality of the sharia based loan processing system, loan repayment system, or about the quality of Islamic financial products of this bank. The customers of this bank are also in doubt about the claim of the financial advice of this bank that it is Shariah based. Besides, the majority of the customers of this bank are in doubt about the claim of the global banking networking system of this bank about following Islamic Shariah. Moreover, most bank consumers distrust the bank's shariah-based business/investment and fixing return rates. In support of this research found a common critique about the over-reliance on ‘Murabaha’ (cost-plus financing), which many scholars and customers perceived as functionally similar to interest-based lending, leading to questions about its "spirit" of Shariah (Jan et al., 2019). Hence, it can be summarized that though the customers of the Islami Bank Bangladesh PLC have positive perception about the

range of Islamic product available, most of them possess a negative perception about the quality of the offers.

VI. RECOMMENDATIONS

Policymakers and the management of Islamic banks can benefit greatly from the findings. It is recommended that Islami Bank Bangladesh PLC concentrate on product innovation and diversification beyond standard financing and savings options. It is advisable to make substantial investments in personnel training, digital infrastructure, and the efficiency of customer service to elevate service quality, cultivate customer loyalty, and boost competitiveness within the dual-banking system of Bangladesh. This study enhances the current body of knowledge by offering a modern and evidence-based examination of customer-focused factors within Bangladesh's Islamic banking sector. This provides a structured approach to comprehending how the dimensions of range and quality influence customer perception, thus offering practical strategies for growth and maintaining customer loyalty.

VII. CONCLUSION

There is a shift in how Bangladeshi consumers view the range and quality of Shariah-compliant services. The primary motivator was distinctly religious; however, as the industry evolves, consumers are seeking "functional parity" with traditional banks. They desire a full array of Islamic financial solutions that are conventional yet provided with religious authenticity, technological efficiency, and competitive pricing. Islamic banks in Bangladesh must invest equally in 'product innovation' to diversify offerings and 'operational excellence' to improve quality, thereby aligning customer perception with growth objectives and effectively competing in the contemporary banking environment.

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