THE IMPACT OF CUSTOMER SERVICE QUALITY ON CUSTOMER LOYALTY THROUGH CUSTOMER SATISFACTION: A STUDY ON THE ISLAMIC BANKS IN SOMALIA

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Abstract

Purpose – This study aims to examine the impact of service quality on customer satisfaction and loyalty in Islamic banks of Somalia using the structural equation model (SEM). **Design/methodology/approach –** This study utilizes assurance, formality, reliability, sincerity and tangibility, and personalization constructs. A survey was distributed to 316 customers of Islamic banks in Mogadishu, Somalia. The survey was conducted using the convenience sampling technique and our respondents were current and potential customers of Islamic banks in Somalia. The data were analyzed by employing a quantitative measure of structural equation modeling employing Smart-PLS 3.3.7. **Findings –** The findings revealed that formality, reliability, sincerity, and tangibility have a positive and significant influence on customer satisfaction of Islamic banks in Somalia, whereas assurance and personalization have indicated an insignificant relationship with customer satisfaction. Furthermore, when customer satisfaction is mediating between service quality constructs and customer loyalty, it shows a positive significant relationship with customer loyalty. **Originality/value –** This research is an original attempt for examining the determinants of service quality constructs on customer satisfaction and customer loyalty in Somalia. Therefore, it presents a unique contribution to the banking industry in the context of Somalia.

Keywords: Service Quality, Customer Satisfaction, Customer Loyalty, Banking Industry, PAKSERV Scale, Somalia.

1. INTRODUCTION

The literature on service quality and customer satisfaction has exploded in the last two decades (Muhammad Awan et al., 2011). In addition, the concept of service quality has frequently been linked to that of service organizations' image, and it has grown increasingly essential in online banking services (Saleh et al., 2017). Continuing a competitive advantage, as well as maintaining service quality improvement, is crucial in a highly competitive market like banking (Fauzi & Suryani, 2019). To gain a competitive advantage, Islamic banks must improve and maintain service quality, as well as please and retain customers (Alnaser et al., 2018). The huge body of literature has shown that measuring customer satisfaction and loyalty in the banking sector are correlated with customer loyalty, satisfaction, and service quality, and it also indicated that customer satisfaction can influence a bank's customer loyalty (Ali. M & Raza. S, 2017; Haron et al., 2020).In the banking industry, customer satisfaction can be improved by delivering high-quality service, which leads to increased profitability (Nomran et al., 2018; Ali & Naeem,

2019). Improved service quality leads to the creation of a customer loyalty program, as good service leads to increased customer loyalty in the banking sector (Abror et al., 2020).

The nature and dimensions of service quality and customer satisfaction in a range of service contexts have been studied extensively (Muhammad Awan et al., 2011). Offering great service quality minimizes customer churn, promotes customer loyalty, opens up cross-selling opportunities, encourages word-of-mouth referrals, and improves corporate image (Moghavvemi et al., 2018; Shayestehfar & Yazdani, 2019). Islamic banks must pay attention to all aspects of service quality(Moghavvemi et al., 2018). The best strategic marketing for the banking business is to deliver exceptional customer service, which leads to customer happiness and loyalty (Mulazid et al., 2020). Therefore, providing high-quality service is a crucial component of banking strategic marketing for retaining existing clients and recruiting new ones. The banking sector is a critical component of the global financial system. The banking sector has the biggest market share in the financial industry (Abror et al., 2020). Furthermore, by improving service quality, growth may be hastened and long-term client connections can be maintained, both of which are critical in today's competitive banking industry (Muala, 2016).

In the context of Somalia, before the collapse of the Central Government in 1991, there were no privately owned commercial banks in Somalia; instead, all banks were owned and administered by the Somali government, which believed that socialism was the ideal economic framework for the country (ORRMACS, 2012). Somalia had two public commercial banks before the central government collapsed in 1991: Somali Savings and Credit Bank and Somali Commercial Bank (Jibril et al., 2020). Somalia now has thirteen banks, among the licensed Islamic banks are: Dahabshiil Bank international, Salam Somali Bank, International Bank of Somalia, Trust African Banks, Premier Bank, and Amal Bank. (Jibril et al., 2020). Somalia, unlike other Muslim countries, has only one banking system: Islamic banking (Khadar & Jama, 2016). Over the last two decades, Somalia's Islamic banking sector has experienced significant growth and expansion without the need for government intervention. Somalia's financial sector has made great progress (Khadar and Jama, 2016; Abdullahi et al., 2019; Jibril et al., 2020). Even though Islamic banks have made tremendous success in Somalia, clients have expressed discontent with the banks as intermediaries, which are crucial to the economy's development and the well-being of Somali society.(Khadar and Jama, 2016;Taraboulsi-mccarthy, 2018;Jibril et al., 2020). And despite the establishment of its first Islamic bank in 2003 (Warsame, 2016). Customers complain about banks' restricted service offerings and their dissatisfaction with them, especially when it comes to supplying very limited products like Murabaha(Khadar and Jama, 2016;Mohamed et al., 2019).

The objective of this study is to examine the direct impact of service quality on customer satisfaction and loyalty in Somali Islamic banks. Because of the scarcity of products and consumer dissatisfaction in Somalia's banking sector, it was critical to evaluate and assess the service quality of Islamic banks in Somalia. PAKSERV model is a realistic measurement to quantify the service quality of the Islamic banks' industry, according to a study done in Malaysia, notably in the states of Kuching and Sarawak (Muhammad Kashif

& Rehman, 2016). Another study found that the PAKSERV model was the most culturally relevant scale and could predict service quality in the Palestinian banking business (Alnaser et al., 2018). However, cultural disparities in terms of service quality exist between countries, which may lead to a decreased or increased attention on service quality features as a result of cultural differences (Kashif et al., 2015).In Somalia, no single study on the quality of banking service has been conducted. As a result, by conducting a detailed analysis of the banking industry's service quality in Somalia, this study will address that vacuum. Using several strategies, including the SERVQUAL scale, to respond to a cultural context, operational, and service quality feedback. Raajpoot (2004)PAKSERV is a new scale devised to best suit Pakistan's collectivist cultural background. The reliability, certainty, empathy, formality, sincerity, and personalization scale has six items. Certain important information gaps must be acknowledged by service marketing researchers. To begin with, the vast majority of service quality studies are undertaken from a Western and Asian perspective (Frimpong & Wilson, 2013; Kashif & Rehman, 2016).

Furthermore, because service quality is a cultural phenomenon, it must be studied in the context of the local culture (Ladhari et al., 2011). Therefore, this research evaluates service quality in Somalia. The researchers have so far presented the service quality, but no cultural context has been provided. The fact that no study has used the PAKSERV scale to examine the service quality of Islamic banks in Somalia demonstrates this. Despite recent global research on the quality of banking services (Muhammad Awan et al., 2011). However, no attention has been paid to service quality studies in the Somali banking business thus far.

Financial institutions in Somalia confront significant marketing challenges, including low client awareness and variable expectations, as well as rising competition among Islamic banks for high-skilled professionals and new customers (Abdisamad. B, 2013; Mohamud. A, 2019). Due to the fact that Somalia has more than 13 licensed Islamic banks (http://www.somalbanca.org). Hence, this study will present Islamic banks with a few marketing approaches to assist them in dealing with these issues. Furthermore, the PAKSERV scale has only been utilized once in an African banking environment to investigate the measuring of bank service quality (Saunders, 2008). The PAKSERV scale might be used to investigate the customer satisfaction loyalty path.

The rest of the paper is divided into sections such as literature review, methodology, results, discussion, and conclusion.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Service quality

For a variety of reasons, many firms have profited from the assessment and achievement of higher service quality, including lower long-term expenses, better customer loyalty, and higher market share (Zeithaml et al., 1988). Historically service-oriented sectors, including banking, are recognizing service excellence as a major reason that has crucial strategic

importance (Shabbir et al., 2012). It may be deduced that service quality is a good tool for keeping customers loyal to the bank (Muhammad Kashif & Rehman, 2016). According to Fararah & Al-Swidi. (2013)A company's ability to provide high-quality service will allow it to retain current customers while also attracting new ones. Firms can also develop long-term, sustainable client connections by providing high-quality services (Qureshi et al., 2012). Thus, to keep current clients and attract new ones, banks must focus on improving the service quality.

Tangible is associated with the appearance of buildings, equipment, personnel, and communication materials (Shafie et al., 2001). "Ease of location, design of physical facilities, materials, and communication equipment use" is defined as "tangible." (Janahi & Al Mubarak, 2015). The motivational goal of consistency, which is comparable to the idea of stability, is included in the concept of tangibility (Raajpoot, 2004). Many prior studies have found that tangible has a positive big impact on customer satisfaction. For instance, (Amin & Isa, 2008;Janahi & Al Mubarak, 2015;Fararah & Al-Swidi, 2013;Fauzi & Suryani, 2019; Alnaser et al., 2018;Muhammad Kashif & Rehman, 2016;Haron et al., 2020). Therefore, the hypothesis of this study:

H1: Tangibility strongly and positively contributes toward customer satisfaction.

Reliability is the capacity to deliver the promised service, dependability, and correctness to Islamic banking customers (Shafie et al., 2001). Reliability refers to a service provider's capacity to offer accurate service over a lengthy period of time (Muhammad Kashif & Rehman, 2016). Many previous studies have demonstrated that reliability improves customer satisfaction. For example, (Amin & Isa, 2008;Janahi & Al Mubarak, 2015;Ali & Naeem, 2019;Alnaser et al., 2018; Muhammad Kashif & Rehman, 2016; Haron et al., 2020). Therefore, this study hypothesis:

H2: Reliability strongly and positively contributes toward customer satisfaction.

Assurance is a corporation or a bank with knowledgeable, friendly, inspiring, and trustworthy employees; (Muhammad Kashif & Rehman, 2016). According to Janahi & Al Mubarak. (2015) To deliver great service quality, Islamic bank employees must be pleasant to customers, skilled, and competent, work to provide suitable financial advice, and have quick access to customer account information. Assurance has a positive impact on client satisfaction, according to previous research. For instance, (Amin & Isa, 2008;Janahi & Al Mubarak, 2017;Ali & Naeem, 2019;Alnaser et al., 2018; Muhammad Kashif & Rehman, 2016; Haron et al., 2020). Therefore, this study hypothesis:

H3: assurance strongly and positively contributes toward customer satisfaction.

Sincerity is the service provided to the customer must be genuine and distinct (Muhammad Kashif & Rehman, 2016). Sincerity refers to a customer's assessment of the service provider's sincerity (Alnaser et al., 2018). According to a huge amount of past research, sincerity has a considerable positive impact on customer satisfaction. For example, (Alnaser et al., 2018; Kashif et al., 2015; Haron et al., 2020; Muhammad Kashif & Rehman, 2016).

Therefore, this study hypothesis:

H4: Sincerity strongly and positively contributes to customer satisfaction.

Personalization is when it comes to customization, consumers evaluate customization and individualized attention (Alnaser et al., 2018). Personalization in an Islamic bank refers to giving individuals special attention (Kashif et al., 2015). According to a huge amount of past research, personalization has a considerable positive effect on consumer satisfaction. As an illustration, (Alnaser et al., 2018; Kashif et al., 2015; Haron et al., 2020; Muhammad Kashif & Rehman, 2016).

Therefore, this study's hypothesis:

H5: Favorable customer perceptions of personalization positively influence customer satisfaction in Islamic banking industry.

Formality is to assess customers' social distance, address style, and ritual here (Alnaser et al., 2018). Due to formalization, employees at Islamic banks are not permitted to use foul language (Kashif et al., 2015). According to a huge body of past research, formalization has a strong positive impact on customer satisfaction. For example, (Alnaser et al., 2018; Kashif et al., 2015; Haron et al., 2020; Muhammad Kashif & Rehman, 2016).

Therefore, this study hypothesis:

H6: Favorable customer perceptions of formalization positively influence customer satisfaction in an Islamic banking context.

2.2 Customer Satisfaction and loyalty

Customer satisfaction refers to customers' favorable attitudes and behaviors in reaction to marketing stimuli in a service setting, which leads to customer loyalty to the service provider (Amin et al., 2013). Loyalty is both an attitude and a set of behaviors (Baumann et al., 2011).

Customers' willingness to buy a product or service again is shown in behavioral loyalty, which is extremely important (Amin et al., 2013; Suhartanto et al., 2020). Customer loyalty in the banking business, according to researchers, is a function of customer satisfaction with the bank(Ladhari et al., 2011; Haron et al., 2020). According to Amin et al. (2013)customers that are loyal spend much more than non-loyal customers and also spread the news about the bank's services (Muhammad Kashif & Rehman, 2016). Customers will also stay loyal to a bank if they perceive that service personnel are providing them with honest advice and treating them as individuals (Munuera-AlemaÂn, 2001; Muhammad Kashif & Rehman, 2016). Therefore, this study validates that customers' satisfaction is a critical predictor of loyalty in Islamic banks, and the following hypothesis is proposed:

H7: Customers' satisfaction significantly influences and has a positive effect on customers' loyalty.

3. METHODOLOGY

The sample for this study was chosen at random convenience sampling from 316 Islamic bank customers in Somalia. Respondents were guaranteed secrecy when filling out the questionnaires. To assure the survey's quality, many control and filter questions were included. Two simple requirements, for example, were that respondents be at least 18 years old, and agree to participate in the survey. The survey was conducted entirely in English. Face-to-face and online methods were used to distribute the questionnaires. Furthermore, convenience sampling is frequently used by researchers. This method has previously been utilized in the following studies: (Md Husin and Ab Rahman, 2016; Shaikh et al., 2020; Ali et al., 2019; Aziz et al., 2019). According to (I. Shaikh et al., 2018)In Islamic finance research, convenience sampling is more common. Therefore, this sampling method was used in the current study.

Measures

The questionnaires of this study's variables were adapted from previous Islamic banks' studies. The variables used include tangibility, reliability, assurance, sincerity, personalization, formality, customer satisfaction, and customer loyalty; and all of them were adapted from the existing literature (see; Kashif and Rehman, 2016; Alam and Al-amri, 2020; Shabbir et al., 2012; Haron et al., 2020; Akhtar et al., 2011; Fauzi and Suryani, 2019; Awan et al., 2011; Sadek et al., 2010; Ramdhani et al., 2011).

Data Analysis

In the study, Partial least Squares software: SmartPLS 3.3.7 is used by the authors to evaluate the measurement and structural model as proposed by (Hair et al., 2011). PLS was chosen by researchers for two main reasons; firstly, PLS is a superior method for this study that is exploratory in nature (Henseler *et al*, 2009). Secondly, PLS has newly gotten increasing acceptance in the consumer and service research field (Sarstedt, 2008).

Table I: *Overall profile of the Respondents*

Variable	Frequency	Percent (%)
Gender		
Male	260	82.3
Female	56	17.7
Age		
15 - 25 years	161	50.9
25 – 35 years	138	43.7
Above 35	17	5.4
Education Level		
Graduate	200	63.3
Undergraduate	101	32.0
High school	4	1.3
Other	11	3.5
Marital Status		
Single	212	67.1

Married	104	32.9
Have bank account		
Yes	255	80.7
No	61	19.3
Occupation		
Businessman	60	19.0
Private employee	223	70.6
Government employee	33	10.4
Income Level		
Less than $1,000	164	51.9
$1,000- $20,000	37	11.7
$20,000- $30,000	14	4.4
Other	101	32.0

Table II: *Factor Loading and Reliability*

Construct	Items	Loading	CR	AVE
	A1	0.770		
Assurance	A3	0.791	0.808	0.584
	A4	0.730		
	F2	0.735		
Formality	F3	0.835	0.801	0.575
	F4	0.698		
	P1	0.716		
Personalization	P2	0.720	0.829	0.549
	P3	0.802		
	P4	0.724		
	R2	0.684		
Reliability	R3	0.743	0.781	0.545
	R5	0.783		
	S1	0.676		
Sincerity	S2	0.834	0.803	0.578
	S3	0.762		
	T2	0.799		
Tangibility	T3	0.646	0.770	0.530
	T4	0.731		
	BL1	0.759		
Customer loyalty	BL2	0.773	0.813	0.591
	BL3	0.775		
	SB1	0.832		
Customer satisfaction	SB2	0.779	0.811	0.590
	SB3	0.688		

In this study, 82.3 percent of the researcher's respondents were men, while 17.7% were women. In terms of age groupings, the majority of respondents are between the ages of 15 and 25, accounting for 50.9 percent of all respondents, followed by respondents between the ages of 25 and 35, accounting for 43.7 percent, and respondents above 35 accounting for just 5.4 percent. In terms of education, 63.3 percent of the respondents were graduates, making up the greatest share of the research contributors, while 32.0 percent of the respondents were undergraduates. High school graduates account for 1.3

percent and 3.5 percent of the remaining respondents, respectively. In terms of marital status, single respondents made up 67.1 percent of the study's sample, while married respondents accounted for only 32.9 percent. In terms of bank accounts, 80.7 percent of the studied respondents have a bank account, while the remaining 19.3 percent do not. While 70.6 percent of respondents were private employees, 10.4 percent of study contributors and the smallest part were government employees, 19.0 percent of respondents engaged in business. Finally, in terms of income, the majority of respondents have less than USD 1,000, accounting for 51.9 percent of the total respondents, while the respondents selected others constitute for 32.0 percent of the total respondents. The third is between $1,000 and 20,000 USD, which accounts for 11.7 percent of the total respondents, while the last 4.4 percent of the respondents' income is between 20,000 and 30,000 USD (See Table I).

Measurement Model

The authors examine the measuring model using convergent validity (loading), average variance extracted (AVE), composite reliability (CR), and discriminant validity. The PLS algorithm is used to examine all assessments for factor loadings greater than the indicated 0.70 thresholds except (F4, R2, S1, T3, and SB3) items (see Table II). However, several studies have suggested that factor loadings of 0.40, 0.50, 0.6, and 0.70 are acceptable if the average variance extracted (AVE) is more than 0.50 (Byrne, 2016; Hossan, 2021), This study's average variance extracted (AVE) is larger than 0.50. All average extracted variance (AVE) and composite reliability (CR) values exceed the recommended scores, 0.50 and 0.70 respectively (see Table II).

To examine discriminant validity in the study, the authors used the Fornel-Larcker criterion. All inter-construct correlations and the AVE root square are compared. To pass the discriminant validity assessment of the model, each AVE of concept should be greater than its squared correlation with any other construct, as shown by (Fornell & Larcker, 1981). Finally, the Fornel-Larcker criterion is met, with no cross-loadings above the respective loadings, implying that discriminant validity is greater in this investigation (See Table III).

Table III: Inter-construct correlation (Fornell-Larcker Criterion)

	Assurance	Formality	Loyalty	Personalization	Reliability	Satisfaction	Sincerity	Tangibility
Assurance	0.764							
Formality	0.58	0.758						
Loyalty	0.456	0.499	0.769					
Personalization	0.558	0.616	0.486	0.741				
Reliability	0.569	0.476	0.451	0.43	0.738			
Satisfaction	0.541	0.53	0.577	0.502	0.547	0.768		
Sincerity	0.535	0.577	0.473	0.539	0.491	0.53	0.76	
Tangibility	0.466	0.432	0.408	0.387	0.469	0.491	0.47	0.728

Table IV: *Heterotrait-Monotrait Ratio (HTMT)*

	Assurance	Formality	Loyalty	personalization	Reliability	Satisfaction	Sincerity	Tangibility
Assurance								
Formality	0.809							
Loyalty	0.701	0.777						
personalization	0.808	0.813	0.706					
Reliability	0.807	0.779	0.746	0.654				
Satisfaction	0.826	0.813	0.864	0.705	0.868			
Sincerity	0.832	0.81	0.742	0.794	0.79	0.805		
Tangibility	0.783	0.738	0.682	0.616	0.825	0.782	0.78	

Structural Model

The structural model assessment was completed to determine the model's predictive potential. Its objective is to explain the degree to which a dependent variable's variance is explained and unexplained by independent variables, as well as to assess the links between the study's latent constructs. The R-square value (R^2) is used by the authors to determine the model's predictive potential. The path coefficients, on the other hand, are used to determine if the postulated association is strong or not. To evaluate the study's structural model, the authors employed 500 bootstrap samples to create robust confidence intervals (Hair et al., 2011; Husin & Rahman, 2016).

The structural model analysis results are shown in Table V and Figure II, and include standardized path coefficients, standard deviation error, t-values, and P-values for each connection, as well as squared multiple correlations, as determined by R^2. With these six independent variables, assurance, formality, personality, reliability, sincerity, and tangibility, the suggested model of service quality intention has an R^2 of 0.470 percent, meaning that it can explain 47 percent of the variation in service quality to customer satisfaction. Furthermore, the study examined whether customer satisfaction mediates between six service quality constructs and loyalty. The R^2 of the hypothesized model of customer loyalty is 0.333 percent, indicating that the hypothesized model of customer loyalty accounts for 33.3 percent of the variation in customer satisfaction to loyalty. This shows that the model has a lot of predictive potentials.

To examine the hypothesized correlations between the constructs, the route coefficients were calculated. This was accomplished using the PLS-SEM technique. Bootstrapping was utilized for 5,000 samples.

The hypothesized correlations among the constructs are summarized in Table VII. H1 shows the relationship between assurance and satisfaction, which is not supported with β= 0.120, <**0.106**, and t statistics at 1.621. H2 indicates the relationship between formality and satisfaction, which is supported with β= 0.129, <**0.046**, and t statistics at 2.004**. H3 indicates the relationship between personalization and satisfaction, which is not supported with β= 0.123, <**0.055**, and t statistics at 1.920. H4 indicates the relationship between reliability and customer satisfaction, which is supported with β= 0.220, < 0.000, and t statistics at 3.822**. H5 indicates the relationship between Satisfaction and Loyalty, which is supported by β= 0.578, <**0.000**, and t statistics at 12.543**. H6 indicates the

relationship between sincerity and satisfaction, which is supported with β= 0.140, <**0.012**, and t statistics at 2.515**. H7 indicates the relationship between tangibility and satisfaction, which is supported with β= 0.163, <**0.003**, and t statistics at 3.028**. Thus, the findings for the current study supported all of the hypotheses, except H1 and H3. The study's findings have significant consequences for the service quality of Islamic banks, which are detailed in the study's implications section.

Model fit

For PLS models, the standard root mean square (SRMR) can be used to assess the goodness of fit (GoF) (Henseler et al., 2014). SRMR is the residual differences between the samples' correlated data and the anticipated correlated model (Hooper et al., 2008). The SRMR scale runs from 0 to 1.0, with values near zero indicating perfect model fit. The SRMR value of a well-fitting model should be less than or equal to 0.05 (Hooper et al., 2008; Hu L.-T. & Bentler P. M., 1999). The current study's SRMR value is 0.065, indicating that the data are consistent with the hypothesized model (see Table VI)

Table V: *Goodness of fit*

	R Square	R Square Adjusted
Customer satisfaction	0.470	0.460
Loyalty	0.333	0.331

Table VI: *Model Fit*

	Saturated Model	**Estimated Model**
SRMR	0.065	0.085
d_ULS	1.812	2.329
d_G	0.561	0.585
Chi-Square	1020.925	1050.310
NFI	0.603	0.592

Structural Model

Table VII: Empirical Results

| Hypothesis	Relationship	Beta (β)	T Statistics	P Values	Decision
H1	assurance -> Satisfaction	0.120	1.621	**0.106**	Not supported
H2	formality -> Satisfaction	0.129	2.004	**0.046**	Supported
H3	personalization ->satisfaction	0.123	1.920	**0.055**	Not supported
H4	reliability ->satisfaction	0.220	3.822	**0.000**	Supported
H5	Satisfaction -> Loyalty	0.578	12.543	**0.000**	Supported
H6	sincerity -> Satisfaction	0.140	2.515	**0.012**	Supported
H7	tangibility -> Satisfaction	0.163	3.028	**0.003**	Supported
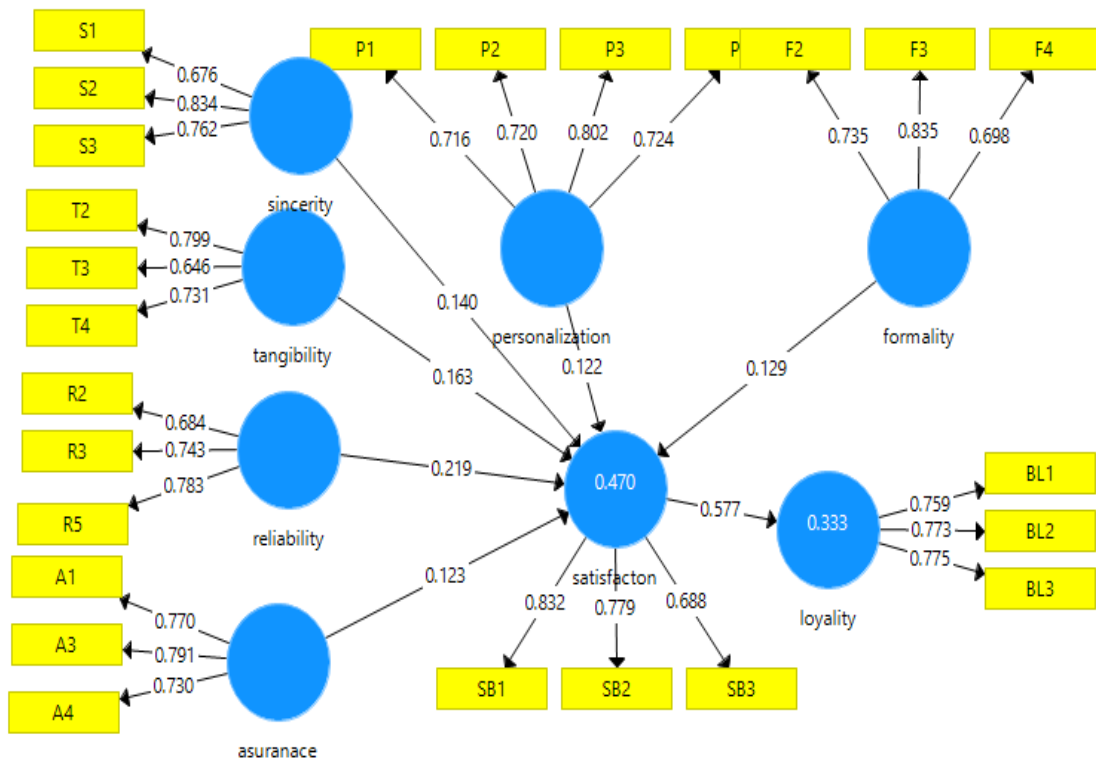
Figure II: Empirical Results
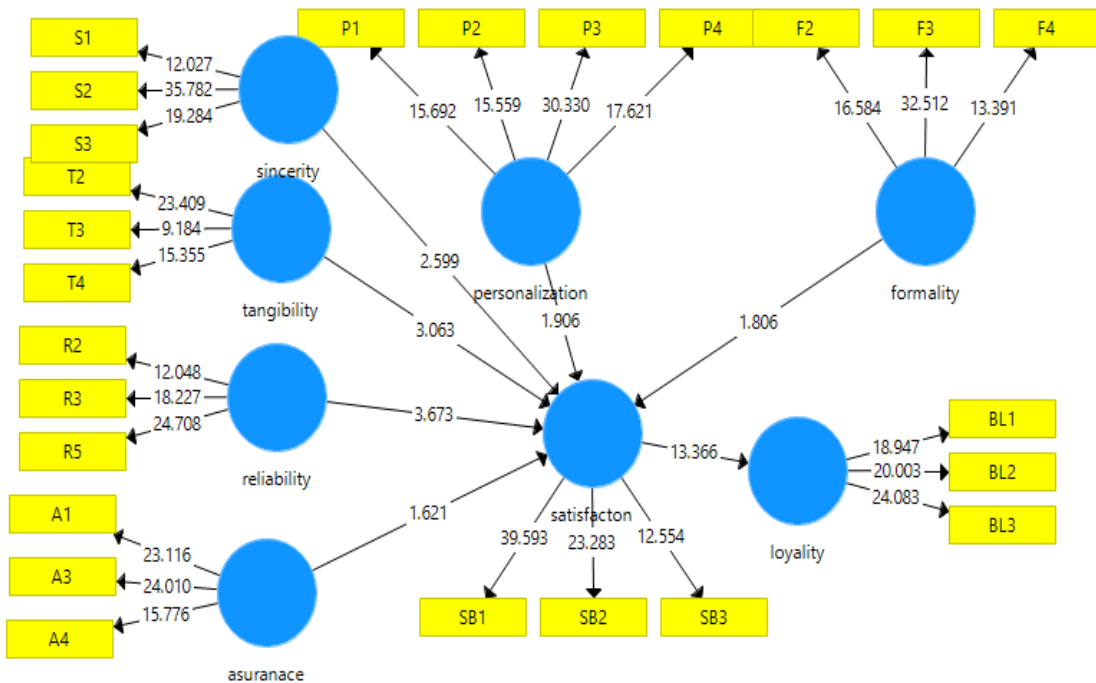
Figure III: Empirical Results

4. DISCUSSION

To the best of our knowledge, this study is the first tried to examine the service quality of the bank industry in Somalia. The authors collected data from present and potential Islamic bank customers in Mogadishu, because all the banks have branches in Mogadishu. In terms of the model, the empirical findings show that the PAKSERV for service quality model can explain 47 percent of the variance in customer satisfaction for the Islamic banks in Somalia, but only 33.3 percent when customer satisfaction is used as a mediator variable between service quality constructs and customer loyalty.

Regardingthe findings of this study, it shows that the formality, reliability, sincerity, and tangibility regarding the customer satisfaction are all significantly impact in determining customer satisfaction of the Islamic banks in Somalia. However, assurance and personalization are insignificant. When customer satisfaction is a mediating variable between service quality constructs and customer loyalty is statistically significant, which means that customer satisfaction mediates between service quality constructs and customer loyalty. Therefore, the result of this study is consistent with these past studies. (Alnaser et al., 2018; Muhammad Kashif & Rehman, 2016; Haron et al., 2020).

To begin with, assurance has shown an insignificant correlation with customer satisfaction in the Somali banking market. Although most prior studies have shown that assurance has a positive association with customer satisfaction(Janahi & Al Mubarak, 2017; Ali & Naeem, 2019; Alnaser et al., 2018; Muhammad Kashif & Rehman, 2016; Haron et al., 2020). The result of this study shows otherwise. Although, the insignificant results of this study is consistent with Saidu Badara et al., (2013) conducted in Nigeria.

Second, formality has a statistically significant positive relationship with customer satisfaction in the Somali banking industry. The findings of this study are consistent with those of the following studies (Alnaser et al., 2018; Kashif et al., 2015; Haron et al., 2020; Muhammad Kashif & Rehman, 2016). Therefore, if personnel at Islamic banks use appropriate language as a result of formalization, consumers will have a favorable experience and wish to return to that bank again.

Thirdly, personalization has shown an insignificant correlation with customer satisfaction in the Somali banking market. Even though most prior studies have shown that personalization has a positive association with customer satisfaction(Alnaser et al., 2018; Kashif et al., 2015; Haron et al., 2020; Muhammad Kashif & Rehman, 2016). The insignificant result may be caused by the cultural difference between Somalia and these other countries because the cultural difference could cause different results(Raajpoot, 2004; Ladhari et al., 2011).

Fourth, reliability has a statistically significant positive relationship with customer satisfaction in the Somali banking industry. The findings of this study are consistent with those of the following studies (Amin & Isa, 2008; Janahi & Al Mubarak, 2015; Ali & Naeem, 2019; Alnaser et al., 2018; Muhammad Kashif & Rehman, 2016; Haron et al., 2020). Thus, this means that customers have higher faith in the Islamic bank and believe they can rely on it.

Fifth, satisfaction has a statistically significant positive relationship with customer loyalty in the Somali banking industry. The findings of this study are consistent with those of the following studies (Muhammad Kashif & Rehman, 2016; Munuera-AlemaÂn, 2001; Muhammad Kashif & Rehman, 2016; Haron et al., 2020). Thus, this means that if the customers are satisfied, they would be loyal to the bank

Sixth, sincerity has a statistically significant positive relationship with customer satisfaction in the Somali banking industry. The findings of this study are consistent with those of the following studies(Alnaser et al., 2018; Kashif et al., 2015; Haron et al., 2020; Muhammad Kashif & Rehman, 2016). Thus, this means that the honesty and the uniqueness of the services that are given to the customers have the impact to attract customers.

Seventh, tangibility has a statistically significant positive relationship with customer satisfaction in the Somali banking industry. The findings of this study are consistent with those of the following studies (Amin & Isa, 2008; Janahi & Al Mubarak, 2015; Fararah & Al-Swidi, 2013; Fauzi & Suryani, 2019; Alnaser et al., 2018; Muhammad Kashif & Rehman, 2016; Haron et al., 2020). Thus, this means that the good physical appearance of facilities, equipment, staff, and communication materials has a positive impact to attract customers.

5. CONCLUSION AND RECOMMENDATIONS

Theoretical and Policy implications

The findings add significantly to the body of knowledge. From a theoretical approach, our research findings provide a significant contribution to existing understanding in the following ways. To begin with, this is the first study of the banking industry's service quality in Somalia. Second, by implementing and building on PAKSERV for service quality model in multiple contexts in Somalia, the findings contribute to the Islamic finance literature. Although the PAKSERV scale for service quality has been used in many research in other countries, no single study in Somalia has tested the PAKSERV scale for service quality. Finally, because Islamic financing is relatively new in Somalia, our research fills a gaps left by earlier studies.

This study, on the other hand, has some policy implications for Islamic bank managers and advertisers in developing effective marketing strategies for their services, because it found that the optimal strategy for banking marketing is to improve service quality.

Limitations and future research of the study

Our work has some limitations that can be used to guide future studies in this area. To begin, the authors exclusively conduct an empirical study in Mogadishu. Hence, it is geographically confined. Future researchers should include other Somali cities to gain more detailed information regarding Somali bank service quality. Second, this research's variables are limited to (assurance, formality, personalization, loyalty, personalization, reliability, sincerity, and tangibility). Thus, other variables that are crucial for future

studies, such as trust and responsiveness, could be added. Third, the primary source of data for our study is potential and current Islamic bank customers. Therefore, researchers in the future may only consider persons who have a bank account only. Finally, this research uses a questionnaire to collect data. In future studies, other data collection methods, such as interviews, should be considered.

According to the findings of this study, Somali banks should improve their service quality as long as the quality has a positive impact on customer satisfaction. Second, this study suggests that Somali banks should view service quality as one of the most effective ways to acquire new clients and retain existing ones. Thirdly, this study suggests that Somali banks should promote the following characteristics (formality, loyalty, customization, reliability, honesty, and tangibility) since they improve customer satisfaction. Finally, this study suggests that to grow their market share, Somali banks should prioritize service quality.

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