

# Examining Service Quality For Islamic Banks In Egypt

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## Abstract

**Purpose:** Although a great number of research studies for service quality take place in the context of developed countries, the similar studies in the context of developing countries like in Egypt are limited. The purpose of this study is to modify a service quality scale for measuring the performance of Islamic Banks in Egypt using the SERVQUAL multi-item scale after adapting it to fit the Egyptian culture.

**Research design:** The popular multi-item scale of measuring service quality used in this study is SERVQUAL (developed and modified by Parasuraman et al.1985, 1988, 1991,1994). Qualitative research in the form of focus groups was conducted to modify the SERVQUAL scale to fit the Egyptian Islamic banking culture. Three focus groups were conducted with managers and employees working in Islamic banks. Furthermore, a convenience sample of 30 Islamic bank clients was surveyed in order to measure the reliability and validity of the new SERVQUAL dimensions derived from the focus groups conducted. **Findings:** Transcriptions from the 3 focus groups were analyzed using initial and focused coding techniques. Exploratory and factor analytic techniques were used to explore the dimensionality of the scale. The study developed 22 statements for measuring the five different dimensions of service quality in Islamic banks that included: tangibles, reliability, responsiveness, Empathy, Assurance and two new dimensions of trust and Shariah- compliance.

**Research Implications:** After the 25th of January revolution, there has been a significant rise of Islamic banking and finance in Egypt. However, this trend is still considered in it's growth stage in Egypt compared to other countries specifically in the Gulf and parts of Europe where Islamic finance and banking is very well established and understood amongst vast amounts of both Muslims and non Muslims. Thus understanding points of weakness and strengths through analyzing the SERVQUAL scale dimensions is essential for Islamic banks as well as the perceptions of current clients about the service quality delivered by such banks. This paper shows that the SERVQUAL after modifications is valid and reliable in the banking industry in Egypt. Based on this study and other studies cited, it appears that future research on Service Quality should involve the development of industry specific measure of service quality.