

Barriers to Service Quality in the Banks of Pakistan: A Comparative Study of Islamic and Conventional Banks

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Abstract

Service quality has become crucial to the banking institutions due to fierce competition. Banks may have their own environment specific barriers in procuring it. This study was the first-ever attempt to compare these barriers between Islamic and conventional banks. Primary data was collected through pretested adopted questionnaire, from the higher ranked banker. Through the technique of Cronbach Alpha the data validity was ascertained. One sample states that biggest barrier to service quality in banking industry is Human Resources (HR) environment. While independent sample test results that Islamic financial institutions are fortunate to face expressively less barriers than Interest bearing counterparts. Except in the case of personnel hiring, Islamic banks are having less meritocracy conventional banks. It was recommended that Islamic financial institutions must hire the staff with dual intellect of finance and Sharia to serve better quality. In Pakistan the Islamic banks are having an advantage and a disadvantage as compared to those in the Arab world. Advantage is the better empowerment of its employees and the experience sharing culture in the banks while the low level of economic development in Pakistan is responsible to bring about the financial constraints to augment the barriers in their way to deliver quality of service.

Keywords: Service quality; Islamic banks; Conventional banks; Pakistan; Arab; Barriers; Services quality; Dual banking

Introduction

A well-developed economic system is based on the efficient banking system of any country. It works like the heart for overall economic system and bridges the gap between the surplus and deficit parts of an economy. A sound banking system makes a sound economic system at large. IMF reports witness that in Pakistan, this industry has shown a great innovations and growth since 2004. Report elucidate that at one side the banking industry has undergone a well raise in the efficiency but at the parallel it has clustered competency among the players of this industry (International Monetary Fund, 2004). But this is not only the tale of 2004's surroundings. The industry is still witnessing this cumulative pressure of contested rivalry by the inclusion of modern technology and by the presence of large international banks [1-3]. This scenario had asked the bankers to satisfy their customers [4], since the customer base is a key to success. Once the customer satisfaction is attained it not only better retains the existing customers, it also inducts the positive words of mouth in the banks favor to welcome newer customers. Even more that the existing customers are better retained with low switching behavior [5] and once their confidence is achieved cross selling strategy can be added as a plus [6]. Of course these all factors can be contributive to heighten the revenue making in the banks [6].

The need to study the issues relating to service quality has taken an even more prominence after the recent crisis of credit crunch. Earnest and Young has divulged under one of its financial research reports that the consumers of financial industry are expressing a 45-56% down swing in their confidence upon the industry [7]. Basing their arguments upon this post-crisis scenario many studies, including one done by the help of Bank of America, are of the view that the way to restores this confidence, among other, is to recognize the needs of the consumers and procuring them the service quality [8-11].

Due to these facts the studies to investigate the service quality issues had been up in the past. A number of researchers have taken their own stances to view the service quality with different angles and

indifferent environments [12-14]. Many of these studies also had their prime research objectives to gauge the service quality in Islamic financial institutions [3,15,16]. Many times the studies have pointed out that the customers are unable to get as much in service quality as much they expected [16], to raise the question why is it so? What impediments render the banks unable to procure the services with the quality to meet their customers' expectations? To answer this question the existing body of literature is silent to give a study to compare such issues in the comparison of Islamic and conventional banks. Chake and Jabnoun [17] has studied this fact under the specific scenario of Islamic banks merely and have pointed out some issues as the barriers to service quality [17]. Keeping in mind that Islamic and conventional banks are although the players of same market, yet their differences are factual to give the importance to the studies making the comparison of them. Hence the Chaker and Jabnoun's [17] study well raises the issue in the vacant literature, develops the measuring issues, but at the parallel it is stagnant to give the comparative results. This study takes this objective of comparing the barriers to the service quality within Islamic and conventional banking system. This study not only significant in filling this gap, at the analogous, it has practical significance too. As stated above, the competition has made it mandatory for the banks to advancement their quality of service and this study is in the wake to highlight these barriers, not gainsaying that by working on these barriers the banks can upgrade their service quality. This practical significance takes a bigger importance under the grim impacts of crisis. This study, since addresses both the Islamic and conventional banks,

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Received August 06, 2015; **Accepted** August 14, 2015; **Published** August 21, 2015

Citation: Shahzad M, Rehman A (2015) Barriers to Service Quality in the Banks of Pakistan: A Comparative Study of Islamic and Conventional Banks. Bus Eco J 6: 178. doi:[10.4172/2151-6219.1000178](https://doi.org/10.4172/2151-6219.1000178)

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hence its significance is also double fold for the both types of banks.

Literature Review

Chaka and Jabnoun [17] this paper identifies the different barriers in Islamic Banks toward service quality and demographically influences on the sensitivities of these barriers. The questionnaires which consist of 33 items were distributed in six Islamic Banks of Qatar among their 150 employees. However 116 questionnaires were received and 77% response rate. The dimensions of questionnaire were resolute through factor analysis. For this purpose t-test of one sample was used to identify scopes of service quality. Whereas, the observations of demographically variables were determined through one way ANOVA. Three proportions lack of transformation leadership, lack of empowerment and centralization out of four were found significantly toward the service Quality in Islamic Banks. While in service quality culture was found insignificantly barrier through factor analysis.

Hayat et al. [4] this study identified the relationship between satisfaction of customers and quality of services in dual banking system of Pakistan. This study measures different opinions and behavior of customers after receiving services of dual banking system in Pakistan. They adopted services quality model (SERVQUAL) to measure the services quality in both conventional and Islamic banking system. The data was collected from both three conventional and Islamic banks customers through 200 questionnaires were distributed among the customers. Analytical hierarchy process was used for the analysis of data in order to identify the interlinked relationship exist in services quality and customers satisfaction. The result shows that multidimensional services quality toward customer's satisfaction is endorsed and it has also prominence for behavior intention of customers for both banking system.

Imran et al. (2011) it is noted that customers feel barriers for adoption of Islamic banking system in order to get services of banks. This study made two categories of customers, non-users (customers of interest bearing banks only) users (customers of non-interest bearing banks only, customers of both banking system). They collected the data through interview from managers of Islamic banks and also designed questionnaires for their target customers. They used factor analysis and cluster analysis for the measurement of the data. The result indicates that Islamic banks have inconvenient location of branches, small network branch system and sharia principles are not completely implement in Islamic banks.

Ashfaq et al. (2010) describe a relationship regarding customers toward services quality in Islamic and conventional banking system of Pakistan. However, purpose of study to investigated the effects of those conventional banks branches, which merge with Islamic financial institution and started practice according to sharia compliance. For this purpose, they distributed 720 questionnaires among their customers to examine this association in the customers of both financial institutions. They used stratified Random sampling for data analysis. The result expresses that perception of customers regarding services quality from Islamic banks are relatively high as compared to conventional banks. There is substantial modification found in Islamic banks on gender (males and female) but in conventional banks such kind of practices are not exist.

Amin and Isa (2008) this study Investigate the relationship through structural equation modeling (SEM) approach between customers satisfaction and perception of services quality in the Islamic banks of Malaysia. In order to investigate the services quality in banks

of Malaysia, they used the structure of six dimensional of services qualities (SERVQUAL) scales which consist of several variables such as, reliability, compliance, assurance, tangibles, empathy and responsiveness. Their target customers belong to both communities (Muslim and non-Muslim) but some of customers have dual banking accounts. The Muslims customers are highly satisfied, well aware about Islamic banking and trying to promote this Islamic financial system as relatively compared to non-Muslims customers. However, result shows a significant relationship between customers satisfaction toward services qualities.

Kumar and Dash (2013) identified a causal relationship between customers satisfaction toward the performance of services attributes in Indian banks in term of services quality. An index has constructed to measure the quantification of services qualities and this index was used in American customer satisfaction index (ACSI) and structural equation modeling (SEM). The data was collected from the banks of Delhi-NCR through questionnaires. However, 350 survey questionnaires were circulated in the target people and response rate was 57.14%. There is positively significant relationship found between attributes of services quality and customer satisfaction and retention and it was also identified that customers satisfaction were dependent on different services quality variables.

Hume (2008) identified that Services qualities have an interrelationship perceived value and satisfaction of customers through peripheral and its core services. The purpose of this new established system was to predict re-purchase the intention and arts of performance. Consumer retention plays a vital role in the development of any organization. However, due to hard competition in the entire market, performing arts have additional controls in handling and manipulative the consumer preservation packages. The data was collected through questionnaires, where 156 respondents were females and 77 were males with 63% response rate and it analyzed through structural equation modeling (SEM). The result shows that there is no direct or significant relationship found among exterior services, core of services qualities and repurchase intention toward perceived value. Whereas, core and peripheral services quality play a vigorous role to determine re-purchase intention of customers.

Siddique (2010) examines the interrelationship between customer loyalty, traits of services quality and customers gratification in the retail banking zone of Bangladesh. This study aims to fill the gap through this channel, first he investigates the relationship between services quality features and customer gratification. After a comprehensive relationship found between both variables then he checks the impact of these both variables on customer loyalty in the sector of retail banking. For this purpose a sample of 100 questionnaires was distributed among the customers where males and females respondents are 77 and 23 respectively. He used services qualities model (SERVQUAL) to measure the services quality in retail banking. Overall results shows that these all variables are positively interlinked to each other's, however tangibility indicates a least optimistic correlation while Empathy confirms high encouraging correlation toward customer satisfaction.

Beigi and Shirmohammadi (2011) this study observes several effects after giving the emotional intelligence training on services qualities to the employees of Iranian banks. They selected employees from five well-reputed public sector banks of Iran and made two groups of them, one is called treatment group and other is control group. However, only treatment group facilitates the emotional intelligence training while control group has no training program. The training consists of two months with eight different sessions and both groups consist

of 150 employees. A test of emotional intelligence was conducted from the sample employees before the training start and after two months of training. The purpose of this test was to analyze change in the behavior of employees in providing service qualities and how much customers are satisfied from both groups. Whereas, emotional intelligence was measured through Emotional Competency Inventory (ECI). The result shows that there is a significant change in the treatment group and customers are relatively more satisfied with employees of this group.

Alsadek and Gait [18] it is noted that the products and services of Islamic financial institutions through different aspects like observations, approaches and idea of knowledge. The customer satisfaction is a major component for the financial institutions to motivate and increase devotion of their target customers in an environment of competition. However, service quality is considered as a primary feature in interest bearing to satisfy their customers. An empirical analysis was done through literature of both (Islamic and conventional) banking systems about their goods and services. The promotion of Islamic finance is mainly based on the religious belief while some customers also focus on service quality, reputation of bank and profit ratio on their investments. However, conventional banks are promoted through business firms.

Methodology

This study had the objective to explore the hindrances faced by the banks in procuring the service quality to its customers, moreover comparing these barriers between the conventional and Islamic banks. Since the study was relating to the inside issues of bank management, hence it was of course required to reach the bankers and collect primary data. It was taken as the precaution that the respondent-bankers must be of good ranks so that they would have sufficient knowledge about inner mechanism of bank and prudently respond to the questionnaire. The study to take the high rank banking officials poses a difficulty in data collection; hence the questionnaire was used upon its features of multi-dimensional use with minimum of its cost in order to get our desired objectives [19], instead of going to other options like game theory.

Questionnaire used by this research was adopted from a prior study focusing the barriers in the way of service quality to Islamic banks of Qatar [17]. Banks were selected from both financial institutions of Pakistan. Since the service quality policies are the matter of core management of bank head offices, it was unnecessary to collect the data from a number of bankers from a single bank. The 20 respondents' data was managed from conventional banks and 23 from Islamic banks. A total of 43 officials were the respondents on aggregate. Since only high rank officials, with an attempt to not meet more than one banker from a single bank, this sample size in this wake is not a weak or small figure.

After the data collection, it was analyzed via the techniques of one sample T test and the independent sample T test. One sample was run to measure the quantum of barrier to the overall banking industry of Pakistan while the independent test details the significance difference between the means of both types of banks under focus and states the means differences too. It is also worth mentioning that the factor analysis was intentionally avoided upon the reasons that the instrument used was a pre-tested one and secondly to retain the construct under lying structures as those of Chaker and Jabnoun [17] to ensure the comparison of the Pakistani banking industry with that of Qatar. All the factors of coefficients Cronbach alpha are more than 0.6, whereas the values of these four factors were 0.652, 0.787, 0.713, and 0.817 (Table 1). These values describe the interrelation among every measurement.

Results and Discussion

For overall banks the highest mean values occur at lack of financial incentives and high centralization levels, with the magnitude of 3.95 for both of these variables. As per the questionnaire used to collect this data, the value 1 was representing highly disagree state and the 5 is for highly agree response. Hence mean value of 3.95 shows that most of the bankers agree in both of these cases. It shows that the biggest hurdles to ensuring the service quality in the banking industry of Pakistan are the Lack of financial incentives and high centralization levels.

Lack of financial incentives means that the employees in the

Variables	Cronbach Alpha	Mean	Sig
Empowerment	0.652	3.246	0.000
Lack of management support		2.81	0.000
Lack of financial incentives		3.95	0.000
Lack of empowerment and delegation of authority		3.05	0.000
Lack of cooperation between departments		3.65	0.000
Lack of employee's control over his/her job		2.77	0.000
"No" culture	0.787	3.341	0.000
The habit of rejecting requests		3.00	0.000
Lack of responsibility among employees		3.35	0.000
The assumption that saying no will keep the employee out of trouble		3.67	0.000
Centralization	0.713	3.476	0.000
High centralization levels		3.95	0.000
Lack of trust among colleagues		2.77	0.000
The tendency to over promise to customers		3.70	0.000
Lack of upward communication		3.49	0.000
Leadership	0.817	3.550	0.000
Lack of charismatic leadership		3.88	0.000
Lack of empathetic leadership		3.21	0.000
Lack of meritocracy (fairness) in recruitment		3.56	0.000

Table 1: Reliability and overall mean.

banking sectors are not well paid for giving an extra-effort towards procuring the service quality to their customers; this lack of economic motivation leads them to be sluggish in tailoring the service quality. Off course the financial and economic motivation factors do a lot to encourage the workers for better performance. Existing literature also establishes a relation of service quality to financial gains in hotel management, where the workers' service quality is readily appreciated by the tips from the customers [20].

In turn, it can be logically built that these tips being an economic motivation factor will make the workers up and tidy to maintain their services in better quality and similar can be said about the banking sector too. Another highest hurdle in paving the service quality was observed in the variable of high centralization level. This issue elaborates that the employees in the Pakistani banking industry are not much with their exercisable powers to give the service quality. Past researches has identified that once the employees are bestowed with discretionary powers to deal with customers, they become better toolled up to handle the customers' issue and can hence render a better solutions for them, especially in the case of some emergent needs of the

customers. A study tested that in more than hundred US companies, where the employees were better empowered the service quality was better delivered [21,22]. As the matter of fact once the management makes the employees at better verge of empowerment, they make them creative and at freedom to take decisions and actions according to the novel situation they are faced with [23] and same has been concluded for the banking industry by the past empirical research [24]. Hence in Pakistan, where the bankers are less empowered it is understood they are less efficient in synthesizing the quality of banking services.

Comparison of conventional and Islamic banks

The comparison of the conventional and Islamic banks is crucial, basing upon the argument that owing to the specificity of these banks they are expected to have the differences [4,25] in the barriers to delivering quality of services [16]. Table 2 divulges the results generated by the independent sample T test. The data was processed under this test with the aim for comparative analysis of challenges in the way of delivering service quality between the Islamic and conventional banks. The significant differences between the banks were observed at the

Variable	Bank type	Mean	Mean Difference	Sig.
Empowerment	Conventional	3.42	0.32435	0.150
	Islamic	3.09		
lack of management support	Conventional	3.65	1.563	<u>0.001</u>
	Islamic	2.09		
lack of financial incentives	Conventional	4.20	0.461	0.329
	Islamic	3.74		
lack of empowerment and delegation of authority	Conventional	3.00	-0.087	0.794
	Islamic	3.09		
lack of cooperation between departments	Conventional	3.70	0.091	0.779
	Islamic	3.61		
lack of employee control over his job	Conventional	2.55	-0.407	0.253
	Islamic	2.96		
No culture	Conventional	3.46	0.234	0.272
	Islamic	3.23		
the habit of rejecting request	Conventional	3.00	0.000	1.000
	Islamic	3.00		
lack of responsibility among employees	Conventional	3.75	0.750	<u>0.035</u>
	Islamic	3.00		
the assumption that saying no will keep the employee out of trouble	Conventional	3.65	-0.046	0.758
	Islamic	3.70		
Centralization	Conventional	3.36	-0.21359	0.339
	Islamic	3.57		
high centralization level	Conventional	4.00	0.087	0.830
	Islamic	3.91		
lack of trust among colleagues	Conventional	2.60	-0.313	0.321
	Islamic	2.91		
the tendency to over promise to customers	Conventional	3.55	-0.276	0.400
	Islamic	3.83		
lack of upward communication	Conventional	3.30	-0.352	0.319
	Islamic	3.65		
Leadership	Conventional	3.41	-0.250	0.077
	Islamic	3.66		
lack of charismatic leadership	Conventional	4.35	0.872	<u>0.000</u>
	Islamic	3.48		
lack of empathetic leadership	Conventional	3.00	-0.391	0.176
	Islamic	3.39		
lack of meritocracy in recruitment	Conventional	2.90	-1.230	<u>0.000</u>
	Islamic	4.13		

Table 2: Comparison of conventional and Islamic banks.

variables of lack of management support, lack of responsibility among employees, lack of charismatic leadership and the lack of meritocracy in recruitment.

The significant value shows that these banks observe statistically different results under the variables of lack of management support, lack of responsibility among employees, lack of charismatic leadership and lack of meritocracy in recruitment. While among these variables the biggest mean difference occurs at the lack of management support with the mean difference of 1.563. Positive mean difference is the evidence to state that this problem is present in the conventional banks at a bigger level than their Islamic counterparts. It means that the conventional banks' management in Pakistan is not as much concerned with the service quality as the Islamic bank management. This issue is due to the new entry of Islamic banks in the financial industry. Conventional banks are the old market players with rich history and the customer base, while Islamic banks entered the market as new players. Naturally they are under the stress to attract the customers. Hence, their management takes it necessary to procure service quality to ensure the established customer base. The conventional banks with no such hassle made their management to bother less about service quality. Once the service quality is not among the priorities of the conventional bank management, it took the phenomenon to the dearth of charismatic and captivating leadership and to the absence of responsibility for service quality among employees in these banks with the significant mean difference of 0.872 and 0.750 respectively. An obvious result of these factors is the low level of customer satisfaction and the service quality in these banks.

Literature witnesses that the customer of Islamic banks rate their satisfaction with service quality they enjoy with their banks at a batter level than the conventional market players [2], while researchers have already determined that supportive management has a great role in implementing the service quality [26]. In fact the charismatic features of management are significantly less in conventional banks by the mean difference of 0.872 which renders the subordinate employees also less responsible towards procuring the service quality in conventional banks, by the mean difference of 0.750. Hence for all these three significant variables the Islamic banking management and employees can be seen to do better for catering the quality of service to their customers. In short, that is the very reason behind the fact that in Pakistan the customers of Islamic banks are a better more satisfied from the service quality of their banks than those of conventional counterparts [2]. Hence these finding at first confirm the findings of previous literature and secondly also explain the causes of the fact that Islamic banks are better service quality providers.

Another interesting finding occurs in the stats of want of meritocracy in the bank staff employment. It's the only variable with highly significant negative mean difference of 1.230. The large magnitude with highly significant p value strengthens the view that the Islamic banks in Pakistan lag behind the conventional banks only under a single phenomenon of hiring the bank staff at proper meritocracy. Islamic banking being a new phenomenon has the biggest hurdle in its way of progress, the lack of specifically trained personnel. The negative mean difference, at the variable of lack of meritocracy in recruitment shows that the mean under Islamic banks is higher than the conventional bank. Interesting this is the only negative and significant mean difference. To say that the issue of non-meritocracy is higher in Islamic banks which leads to Improper selection of Islamic bankers and makes them unable to satisfy the customer up to the mark to lower the service quality of these banks. It is the proven matter of

fact by the researchers that the selection of Islamic banks is driven by its Sharia compliant image [27].

While on the other hand, the Islamic finance industry being the infant one, facing the challenge of scarcity of trained employees, well trained in both the field of Sharia and finance the basic two pillars of Islamic financial industry [28,29]. Currently the Islamic banks usually prefer to hire their employees with prior experience in the industry of conventional banking [30], undermining the fact that Islamic banking is unique and specific and needs the employees the specific knowledge. This way on the short term makes them at ease when confronted with scarcity of Islamic banking human resource. Nevertheless on the long term it adds fuel to the fire by discouraging the Institutes charting the degrees specifically on Islamic finance, like international Islamic universities of Islamabad and Malaysia that in turn leads to a bigger level of scarcity. Here the Islamic baking heads, being trained and hence impressed by the conventional counterparts are blameworthy for hiring the Islamic bankers with unintentional lack of meritocracy.

To put it short, the Islamic banking is patron and chosen by the customers upon the Sharia grounds among others [27], hence while the Islamic bank employees are at large untrained and less knowledge bearing due to its specificity and newness of Sharia based operations. Naturally in this scenario Sharia driven customers are not convinced by the employees upon the Sharia compliance nature of these banks and the customers feel down in the terms of service quality of Islamic banks. On the other hand the conventional banking is much older than Islamic, with its well based theory and practice to train the employees. Moreover the conventional banking is rather simpler because they only care for economic gains and never about the complex Sharia issues. Hence this hurdle to service quality is unique to Islamic banks not the conventional. These facts are responsible for this huge and highly significant difference between the Islamic and conventional banks. The comparative analysis of Islamic and conventional banks, with reference to the obstacles to the service quality, reveals that Islamic banks is internally doing better to have less barriers in its way to tailoring the service quality to its customers, expect in the case of meritocracy in hiring the bankers, due to external factor of specific HR scarcity.

Comparison of Islamic banks between Pakistan and Arab countries

Barriers observed by Arab Islamic banks were proxied by Qatar. Comparing the results to those of the study done in the Qatar by Chaker and Jabnoun [17] the barriers to the Islamic banks are greater in Pakistan than the Qatar. The variable Empowerment had the mean of 3.1741, No culture 3.1236, Centralization 3.1595 and while the Leadership was at the mean of 3.1523. Hence all variables were ranging from 3.12 to 3.17. While in the case of Pakistan these variables were at the mean of 3.09, 3.23, 3.57 and 3.66 respectively. Three inferences can be drawn out of this comparison of the stats. Firstly the Pakistani Islamic banks are having a bigger level of hurdles to their service quality and secondly these hurdles are showing a greater variation than those in the case of Qatar. Moreover the biggest barrier in the Qatar to the service quality was empowerment and the least was the no culture. While in the Pakistan the biggest mean was clustered around the variable of the leadership and the least was in the case of empowerment.

This difference is out of the specific socio-economic culture of these countries. The Qatar having the Arab culture has the corporate environment of power distance with the main discretions only in the few hands [31]. This situation leads to the low empowerment of the employees to cater the situational decision making for the purpose

of delivering service quality (Kramer, 1989). This situation augments upward with the presence of multi-ethnicity in the Arab world, where the nationals are given the higher authorities while the expatriates have lesser of them [17]. While in the case of Pakistan the bank employees are most probably always Pakistani and the cultural environment is also of sharing instead of power distances, hence the banks in Pakistan are less prone to face the empowerment issues in their own hurdles to service quality. Economic development level in Pakistan is off course at the lesser level than the Qatar, this scenario leads to the financial strains in delivering the service quality and triggers up the hurdles to be at a bigger level than the Qatar. Hence to conclude that in Pakistan the Islamic banks are having an advantage and a disadvantage as compared to those of the Arab world. Advantage is the better empowerment of its employees and the experience sharing culture in the banks while the low level of economic development in Pakistan is responsible to bring about the financial constraints to augment the barriers in their way to deliver quality of service.

Conclusions

It shows that the biggest hurdles to ensuring the service quality in the banking industry of Pakistan are the Lack of financial incentives and High centralization levels. In turn, it can be logically built that these tips being an economic motivation factor will make the workers up and tidy to maintain their services in better quality and similar can be said about the banking sector too. Another highest hurdle in paving the service quality was observed in the variable of high centralization level. This issue elaborates that the employees in the Pakistani banking industry are not much with their exercisable powers to give the service quality. While on the other, the comparison of the conventional and Islamic banks is crucial, basing upon the argument that owing to the specificity of these banks they are expected to have the differences [4,25] in the barriers to delivering quality of services [16]. The comparative analysis of Islamic and conventional banks, with reference to the obstacles to the service quality, reveals that Islamic banks is internally doing better to have less barriers in its way to tailoring the service quality to its customers, expect in the case of meritocracy in hiring the bankers. Islamic banking is patron and chosen by the customers upon the Sharia grounds among others, hence while the Islamic bank employees are at large untrained and less knowledge bearing due to its specificity and newness of Sharia based operations. Naturally in this scenario Sharia driven customers are not convinced by the employees upon the Sharia compliance nature of these banks and the customers feel down in the terms of service quality of Islamic banks. On the other hand the conventional banking is much older than Islamic, with its well based theory and practice to train the employees. Moreover the conventional banking is rather simpler because they only care for economic gains and never about the complex Sharia issues. Hence this hurdle to service quality is unique to Islamic banks not the conventional. These facts are responsible for this huge and highly significant difference between the Islamic and conventional banks. While on the other hand, the Islamic finance industry being the infant one, facing the challenge of scarcity of trained employees, well trained in both the field of Sharia and finance the basic two pillars of Islamic financial industry [28,29].

Currently the Islamic banks usually prefer to hire their employees with prior experience in the industry of conventional banking [30-34], undermining the fact that Islamic banking is unique and specific and needs the employees the specific knowledge. This way on the short term makes them at ease when confronted with scarcity of Islamic banking human resource. Nevertheless on the long term it adds fuel to the fire by discouraging the Institutes charting the degrees specifically

on Islamic finance, like international Islamic universities of Islamabad and Malaysia. Here the Islamic banking heads, being trained and hence impressed by the conventional counterparts are blameworthy for hiring the Islamic bankers with unintentional lack of meritocracy. In Pakistan the Islamic banks are having an advantage and a disadvantage as compared to those in the Arab world. Advantage is the better empowerment of its employees and the experience sharing culture in the banks while the low level of economic development in Pakistan is responsible to bring about the financial constraints to augment the barriers in their way to deliver quality of service [35-38].

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