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INVESTIGATING THE CUSTOMER PERCEPTIONS OF TRUST, RELIGIOSITY, AND SATISFACTION WITH THE USE OF ISLAMIC BANKING SERVICES: BANGLADESH PERSPECTIVES

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Abstract:

Islamic banking in Bangladesh has experienced significant expansion during recent decades, but it has certain limits in its development, conditioned by several systemic and operational issues. Although Islamic banking has experienced substantial growth, its market share remains below its potential considering that more than 90% of Bangladesh's population is Muslim and Islamic banking accounts for approximately one-fourth of the total banking industry assets and deposits. However, customers' perceptions of Islamic banking services may deteriorate if banks violate Shariah and provide poor service. This paper seeks to explore expert perspectives regarding the factors shaping customer perceptions of trust, religiosity, and satisfaction toward Islamic banking services in Bangladesh and the important roles these factors play in enhancing the performance of Islamic banks. A total of six semi-structured interviews with staff members of different Islamic financial organizations of Bangladesh were conducted to collect the data. In addition, focus group discussion was also conducted involving four Shariah scholars, academicians, and Islamic finance experts. Data were analysed thematically using the Atlas.ti platform. As found in this study, the success of Islamic banking products is largely dependent on the views of trust, religiosity, and satisfaction. Islamic banks can cultivate a loyal customer base that is more likely to maintain long-term

relationships with the institution and engage in positive word-of-mouth communication. In an era of stiff competition in the financial field, this combination could prove helpful for the sustainability and growth of the Islamic banking system. The results of the current study would be helpful for regulators, policymakers, and bankers, and it is anticipated that the recommendations made from the current study can indeed make some valuable contributions to the development of the services offered by Islamic banking in Bangladesh. Through the current study, the literature on Islamic banking gets enriched as it provides qualitative information from industry experts and Shariah practitioners on how trust, religiosity, and satisfaction affect customer loyalty.

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Bangladesh, Islamic Banking, Religiosity, Satisfaction, Trust



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Introduction

The explosive growth of Islamic banking over the past few decades is evident in both Islamic and non-Islamic nations, specifically in Bangladesh. Islamic banking has been introduced by numerous conventional banks in this country, usually by keeping distinct branches and windows, but sometimes by pursuing a full conversion approach (Suzuki et al., 2020). According to the statement of the Bangladesh Bank, “the Islamic banks have continued to show strong growth since its inception, as reflected by the increasing market share of Islamic banking in terms of assets, financing, and deposits of the total banking system” (Chowdhury et al., 2023, p. 12). Founded in 1983, Islami Bank Bangladesh Ltd. (IBBL) was the country's first Islamic bank operating in accordance with Islamic law. Based on its yearly performance, it has been the top Islamic bank in recent years. Ten Islamic banks are currently completely operational (Bangladesh Bank, 2024). Nine conventional banks have introduced Islamic banking through 41 branches in response to the Islamic banking industry's growth, and 13 conventional banks are currently offering Islamic banking through 434 windows (Chowdhury et al., 2023). Despite this, Islamic banks in Bangladesh are still trying hard to introduce more Shariah-compliant products in the market and thus making sincere efforts to enhance their overall share in the market.

Many customers in Bangladesh are interested in Islamic banking services solely because of their religious beliefs (Ahmed et al., 2021). The customers do not care about profitability, but they care about the banks' Shariah compliance and quality of services (Ongera & Ndede, 2019). According to Ahmed et al. (2021), the customers' perceptions of Islamic banking services can decline when banks do not comply with Shariah's principles and when service quality is absent. To improve customers' perceptions and ensure business sustainability, Islamic banks in Bangladesh are also focusing on maintaining Shariah compliance and service quality.

Despite a number of earlier empirical works that have analyzed the customers' attitudes toward service quality and Shariah compliance in Islamic banking, very few researchers have looked into industry experts' perspectives about factors influencing customers' level of trust, religiosity, and satisfaction with the banking services. In fact, the majority of such studies have been purely quantitative and focused on surveying the customers rather than analyzing industry professionals' views on the matter. Thus, it is worth noting that this study aims at filling this research gap.

Literature Review

Islamic Banking Development in Bangladesh

In recent decades, the Islamic banking sector in Bangladesh has witnessed impressive growth, thanks to the support of Bangladesh Bank as well as growing consumer preference for Shariah compliant financial services. As per the figures provided by Bangladesh Bank (2024), the aggregate deposits of the Islamic banking sector stood at BDT 4,394.65 billion as of March 2024, accounting for 26.23% of the aggregate deposits of the banking industry. The total investment (total loans and advances) during the same period was recorded at BDT 4,569.94 billion, accounting for 28.24% of the aggregate investments of the banking industry as a whole. Islamic banking is guided by Shariah-based principles that discourage riba (interest), facilitate risk sharing, and mandate investing in halal activities. Examples of financial instruments include mudarabah (profit sharing), musharakah (joint ventures), murabaha (cost-plus lending), and ijarah (leasing) (Rahman & Chowdhury, 2024).

Trust and Customer Perception in Islamic Banking

Trust is among the major factors which affect customer perceptions and behavioral intentions in Islamic banks. It is expected that these financial institutions will follow Shariah regulations. According to Alhazmi (2019), customer trust in Islamic banking institutions is highly related to perceptions about the religiosity, ethicality, and credibility of these organizations. In a similar manner, Ongera and Ndede (2019) stated that low service quality and issues related to Shariah compliance may lead to the decrease in customer trust and satisfaction. Bangladesh provides a good example when it comes to customer trust in Islamic banking as many customers choose the services provided by these institutions based on their religious preferences. Hence, any deviation from Shariah practices will affect customer trust.

Religiosity and Islamic Banking Adoption

Religiosity has been noted to be one of the key determinants of attitudes and intentions on the part of consumers toward Islamic banking products and services. According to Islam and Rahman (2017), religiosity refers to the extent to which an individual's life is guided by religious norms and principles. In terms of Islamic finance, religiosity affects the consumers' choice of Sharia-compliant financial products and their intention not to engage in interest-related deals.

The relationship between religiosity and adoption of Islamic banking services has always been found to be positively correlated. As shown by Newaz et al. (2016), Muslim religiosity exerts a strong effect on consumers' intentions to buy Islamic financial products. Similarly, Junaidi et al. (2022) found religiosity to positively influence consumer commitment and loyalty to Islamic

banks. Given that Bangladesh is a country where Muslims form the majority of its population, religiosity remains a relevant aspect to consider.

Customer Satisfaction in Islamic Banking

Customer satisfaction is yet another important factor influencing the sustainability and expansion of Islamic banks. Whereas religiosity might contribute to choosing an Islamic bank, customer satisfaction is the key to keeping these customers happy. As stated by Ahmed et al. (2021), customer satisfaction within Islamic banking organizations is greatly impacted by factors such as service quality and Shariah compliance. However, several problems keep arising within customer satisfaction for Islamic banking in Bangladesh.

For instance, as per Hassan et al. (2023), the majority of customers see products of Islamic banks as complicated and much less profitable compared to conventional banking. In addition, there may be a lack of customer knowledge about the products offered and the services provided by these organizations. It should be noted, therefore, that the key focus on the part of Islamic banks should remain customer satisfaction.

Theoretical Underpinning

This study draws its basis from the Theory of Reasoned Action (TRA), by Fishbein and Ajzen (1975), along with religiosity being a significant determinant of consumer behavior in Islamic finance. According to TRA, the intention of the individual depends upon the attitude of the person and subjective norms, leading to actual behavior. In relation to Islamic banking, the adoption of Shariah-based financial services depends not only on economic factors but also on religious, social, and credibility issues related to the Islamic financial service providers (Kaawaase & Nalukwago, 2017).

Religiosity emerges as an essential theoretical concept in analyzing customers' choice of Islamic banking products. Religiosity refers to the degree to which customers adhere to religious values and practices and thus affect their choices (Islam & Rahman, 2017). In previous research, it has been found that higher degrees of religiosity positively contribute to customer intentions in using Islamic bank products as well as customers' commitment towards Shariah-compliant banks (Newaz et al., 2016; Junaidi et al., 2022). Thus, religiosity can become an important determinant of customer perceptions about Islamic banking services in Bangladesh.

Another important concept that can be relevant within the context of Islamic banking is trust. Customers rely on Islamic banks to act according to Shariah laws and ethical standards. Trust, religiosity, and satisfaction together provide a good theoretical basis for analyzing customer perceptions about Islamic banking.

Methodology

This study is a qualitative research study, as data were collected from participants. According to Grey (2018), a qualitative research design is an elaborate and systematic procedure in which data are provided with a context. Furthermore, as stated by Gray (2018), conducting data collection using several procedures, including surveys, interviews, observations, and documentation, may lead to a range of qualitative research designs. In qualitative research,

there is focus on understanding people's motives, emotions, prejudices, interpersonal collaboration, and conflicts; hence, it is more valid and reliable because data are collected in a real-world situation and is very contextualized. In this particular study, since the aim was to collect information about various factors that can influence customer perceptions, data have been collected from professionals in Islamic banking who are knowledgeable about customer behavior and Islamic banking.

The qualitative data were collected through interviews and focus group discussion. Interviews were conducted with six Islamic banking experts using an unstructured open-ended questionnaire. The details of the respondents, together with their organizations, are presented in the table below:

Table 1: Details Of the Interviewees as The Experts of Islamic Finance Based in Bangladesh

Interview Respondents	Position	Representative
Respondent 1 (R1)	Head of Islamic Finance	IDLC Finance PLC
Respondent 2 (R2)	Manager, Islamic Product Development and Innovation	BD Finance PLC
Respondent 3 (R3)	FAVP & Head of Shari'ah Compliance	Bank Asia PLC
Respondent 4 (R4)	Director	Global Fund Management
Respondent 5 (R5)	Senior Vice President and Head of Financial Institutions	Islami Bank Bangladesh PLC
Respondent 6 (R6)	Senior Executive Officer and Muraqib	City Bank PLC

As part of this study, focus group discussions were also conducted involving four Shariah scholars, academicians, and Islamic finance experts. The details of the Participants are shown below:

Table 2: Details Of the Participants in The Focus Group Discussion

Participants	Position	Representative
Participant 1 (P1)	Shariah Adviser	Social Islamic Bank PLC
Participant 2 (P2)	Professor and Programme Director of the Professional MBA Programme	Faculty of Business Administration, Patuakhali Science and Technology University (PSTU)
Participant 3 (P3)	Associate Professor	Dept. of Islamic History and Culture, Jagannath University

Participant 4 (P4)

Researcher & Corporate
Shariah
Consultant

IFA Consultancy

In the present research, purposive sampling technique was used in order to choose participants who have rich experience in terms of knowledge and practice of Islamic banking and finance. In other words, these participants were carefully selected because they hold certain professional positions, and they have knowledge, skills, and experiences that could help them discuss the issues related to Islamic banking in detail.

The data were collected until the point of saturation reached, when all new ideas and concepts were repeated by participants and there were no substantial new themes revealed through further analysis. The repetition of the themes related to trust, religiosity, customer satisfaction, Shariah compliance, and customer awareness indicated that enough information had been collected.

Data triangulation was guaranteed by the use of interviews, focus group discussion, and document analysis techniques. According to Onwuegbuzie and Leech (2007), data triangulation enhances and supports the overall integrity of the participants' responses. Additionally, data triangulation demonstrates that the inherent bias of relying solely on one approach does not become a substantial factor (Doorenbos, 2014).

As part of the pilot study process, the open-ended questionnaire was sent to two expert researchers and academicians to get their opinions. After that, necessary changes were made in this questionnaire, and then the interviews were conducted by the researcher.

Secondary data were gathered from a variety of books, articles, and conference proceedings that were published in reputable journals. Furthermore, a lot of study reports from reputable organizations, such as the UN, were used. To make sure the information gathered is current and not in any way outdated, primary focus was placed on publications published within the last ten years. In this context, a systematic literature review procedure was employed.

Thematic analysis method was employed for the analysis of qualitative data as suggested by Creswell (2018). Thematic analysis process entailed steps such as data familiarization, data coding, and development of themes, reviewing themes, and interpretation of results. Atlas.ti program was employed to code and organize the emerging themes based on data obtained through interviews and focus group discussion. Ronzani et al. (2020) assert that the Atlas.ti program can be useful in saving time during the handling of research projects involving large data. Content analysis method will be used to analyze the secondary data obtained for this study.

Results and Discussion

Islamic Banking Market Penetration in Bangladesh

During the last ten years, Islamic banking in Bangladesh has been developing at a steady but fast pace, with market share and customer uptake rising substantially. Bangladesh Bank (2024) reported that Islamic banks accounted for approximately 26.23% of total banking deposits and

28.24% of total banking investments in Bangladesh as of March 2024. These numbers correspond to a significant increase of almost 10% of market share during the last decade. Such growth has been mainly due to the rise in demand for Shariah-compliant financial products in concurrence with the improved public consciousness, political and government backing and the increased tendency of conventional banks to introduce the concept of Islamic banking as a service to people through special banks or Islamic windows.

Despite the recent positive growth, there lies a major variance between the urban and rural market penetration. Although major urban centres have experienced the highest increase in the practice of Islamic banking, there exists potential business in hinterland areas, where most rural clients are yet to know or lack access to these Islamic banking services. In this section, a detailed explanation of the existing market position, the place of urban penetration over rural penetration, and the barriers to the future growth of Islamic banking in Bangladesh will be drawn.

The Islamic banking in Bangladesh has been a dominant participant in the financial sector in the past decade. The fact that its share of the total banking deposits and the share of the banking investments are 28% and 24%, respectively, in 2023 means that Islamic finance has made a significant niche in the banking market. This figure has been recorded as consistent growth in market penetration, making Islamic banking the second-largest branch of the banking system, right after the traditional commercial banking system, according to the Bangladesh Bank report (Molnár, 2018).

Several factors can be attributed to the spread of Islamic banking, and one of the most important is the rise in awareness of the people about Shariah-compliant banking. Over the years, as financial products as Murabaha, Mudarabah, and Ijarah became more tolerable to the urban bodies, the growing demand for ethical finance did as well.

Analyzing Customer Perception of Islamic Banking Services

Understanding the factors that might predict consumers' opinions of Islamic banking services allows for the measurement of those customers' impressions. The elements were categorized by Asdullah and Yazdifar (2016) based on their social, cultural, and individual characteristics. According to a number of different studies, people take into account several aspects when selecting Islamic banking services, including reputation, trust, attitude, service quality, cost and benefits, satisfaction, and loyalty intention (Saeed et al., 2021; Hoque et al., 2022).

Given that Islamic banking services primarily reference religious responsibilities from an Islamic Shariah-based business perspective, religious value is another significant factor that influences how clients view these services (Rahman et al., 2023). According to Newaz et al. (2016), religiosity, attitude, and intention toward Islamic banking services are all directly correlated. Therefore, it's critical to look at how customers' opinions and satisfaction on Islamic banking services are influenced by trust and religious values.

Trust and Satisfaction as the Pillar of Islamic Banking

The Islamic banking system in Bangladesh, like those in other parts of the world, rests on trust. In the case of Islamic banking, however, the role of the faith-based trust is even more significant than in a conventional bank. Not only are Islamic banks considered regular financial institutions,

but they are also moral institutions that operate within a religious framework, ensuring that customers' funds are handled in accordance with Shariah standards (Alhazmi, 2019). Customers tend to view this as a kind of moral protection, which is also a motivation for adoption.

The confidence of Islamic banks is highly based on the presumption that the banks are functioning according to the religious values, although the customers do not deeply understand the financial product that is being provided. This is especially so in Bangladesh, where a significant %age of the population opt to use the Islamic banks because of their religious orientation and not because they offer better rates and state-of-the-art banking facilities (Alhazmi, 2019).

Among the major results of the interview and focus group discussions (FGDs), the researchers found that the Islamic banking adoption is usually driven by religious beliefs or rather religion, more than monetary factors. One of the participants of one FGD (P4) noted: “Clients *do not go to Islamic banks to get higher yields but to have peace of mind to say they are halal.*”

This was shared during interviews, where the interviewees said that compared to other normal banks that might also provide higher interest rates, more sophisticated services, the assurance that the money is taken care of in a manner that is in line with the religion is what matters most. Such a religious-based trust is very much entrenched in the Bangladesh society where religion embeds everyday affairs and monetary demeanour is observed under the scope of religious morality.

The trust in faith-based mechanisms is, however, a challenge. Such faith is susceptible and may vanish at any time due to scandals, miscommunication or cases where an Islamic bank is perceived to be infringing its Shariah rules. Rebuilding trust in such instances is even tougher compared to conventional banking. This is attributed to the fact that, in Islamic finance, the reputation of the institution is not only concerned with its financial results, but also the way it follows religious ethics. There may be a scandal, be it in terms of financial management, Shariah compliance, or ethics of the corporation, which can cause a deep blow to the legitimacy of the institution in the mind of the customer base (Alhazmi, 2019).

The vulnerability of trust brings out a significant challenge, which is to have a transparency of operations and make its products to the Islamic banks operational not just to be compatible with the Shariah law but also ethical and transparent in their operations. This underlines the importance of frequent audit, transparency of the product structures, and reports of Shariah compliance that can be easily understood by the common people (Alhazmi, 2019).

The interviews showed that a lot of customers identify Islamic banking with interest-free loans since they assume that all Islamic financial products are nothing but conventional loans at zero interest. Although *riba* (interest) is forbidden in Islamic banking, other financial systems, including (but not limited to) *Murabaha* (cost-plus sale), *Mudarabah* (profit-sharing), *Ijarah* (leasing), and *Musharakah* (joint venture) are used. These contracts are based on profit-sharing and risk-sharing, not on the plain lending of other banks (Golafshani, 2003).

Nevertheless, it is also true that the majority of customers do not know much about these particular products and services of the financial industry and their nuances. Actually, the Islamic institutions have a lot of customers who attend the bank on the basis of a preconceived notion

that the banks are ethical and halal. This is a paradox: customers believe in Islamic banks, yet they are ignorant of the financial products they want (Grassi et al., 2022).

This gap is additionally noted in the Islami Bank Customer Audit (2023). In the survey conducted, 72 % of customers made their decision to go to Islamic banking based on religious grounds; however, a big percentage of them could not even describe the nature of contracts involved in the financial dealings (Molnár, 2018). To be specific, only 29 % of the customers were able to explain one of the most popular Islamic financing models, known as Murabaha, and less than 10 % of the customers were familiar with the distinction between Mudarabah and common savings accounts.

Table 3: Islami Bank Customer Audit (2023) Outcomes

Customer Insight	Percentage (%)
Islamic faithful who opted to join Islamic banking based on religious beliefs.	72%
Murabaha (cost and sale) could be explained to the customers.	29%
Those of the customers who realised the distinction between Mudarabah and ordinary savings accounts.	<10%

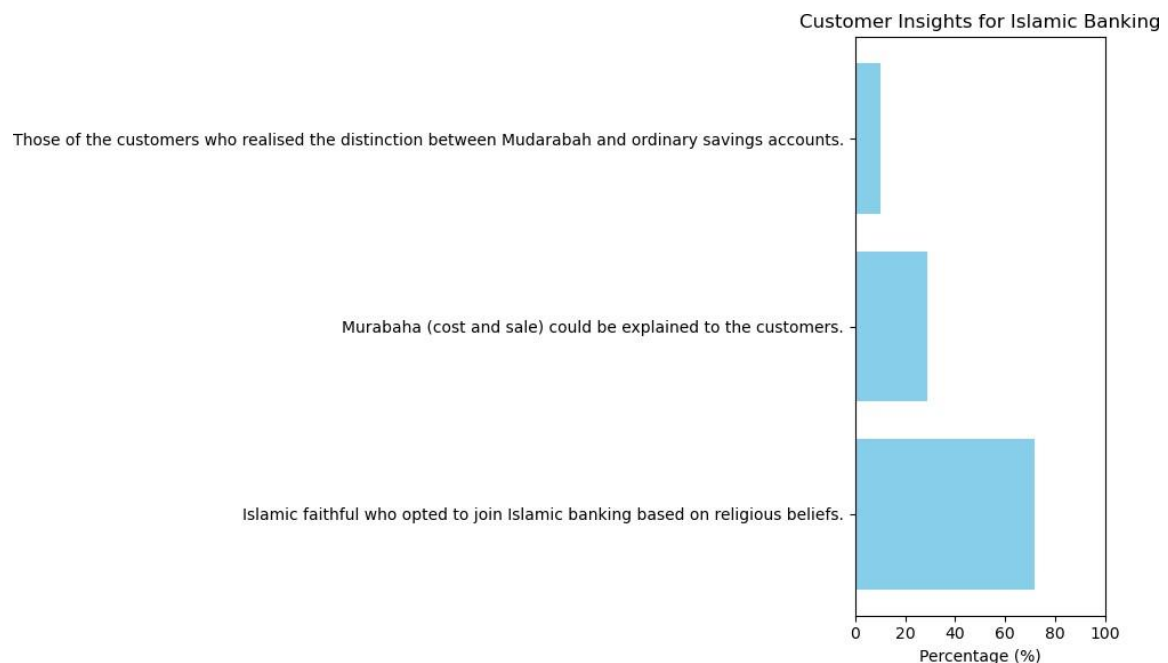


Figure 1: Customer perspective about Islamic Banking Preferences

The unawareness of such products shows a serious gap in financial knowledge among consumers that can create a huge problem for them in their relationship with Islamic banking products in the future. With no proper knowledge about the financial products used by them, they may not understand the concept of the sharing of profit and also the costs involved in some

of these products. This shows the ignorance on the part of the consumers and will result in their failure to match their expectations with the benefits of Islamic banking products.

Furthermore, there is also a gap of trust and satisfaction when considering the fact that most of the customer base relies upon the religious factor for their trust in such products but do not have detailed knowledge about them.

Trust-Satisfaction gap is an area that needs improvement in the Islamic banking. In order to overcome this gap, the Islamic banks will have to follow the following steps:

Marketing Campaigns: It is necessary for the banks to invest in educating their customers so that they can learn all about Islamic banking contracts. This will involve using tools like internet materials, workshops, and workbooks that inform customers about such services like Murabaha, Mudarabah, and Ijarah in simpler terms (Agarwal, 2015).

Easier Communication: It is essential for Islamic banks to provide more details in their communications regarding the nature, benefits, and risks associated with their financial products. It is recommended that they should stop using technical financial terms and opt for simplified communication (Greenbaum et al., 2015).

Community Engagement: Islamic banks need to work with mosques, educational organizations, community organizations, and scholars to increase the knowledge and awareness levels of the population about the Islamic principles of banking. This could be beneficial in increasing financial literacy levels among people and help them make wise decisions on Shariah-compliant services (Islam & Rahman, 2017; Hassan et al., 2023).

Digital Solutions: Mobile apps and websites should have learning materials on Islamic finance with tutorials on how to get insights into financial products and their advantages (Farhana et al., 2022). Such a strategy would be useful to serve highly computerised customers, especially among the youth and the urban professionals.

Finally, the present study concludes that although trust forms the most important factor that would lead to the adoption of Islamic banking in Bangladesh but the awareness regarding Islamic financial products is still very weak among its customers. Most of the customers have been guided by faith-based trust on the banks whose products they use without necessarily being aware of the financial models (Farhana et al., 2022). The long-term viability of Islamic banking in Bangladesh will have to rely on its ability to fill this trust-literacy gap. Banks should start concentrating on education, transparency and community relationships with the aim of creating a more educated customer base in the country so as to make Islamic finance more effective and attractive.

Religiosity and Its Importance in the Islamic Banking System

Islam and Rahman (2017) defined religiosity as a person's dedication to their beliefs and practices. Influencing their behaviour with regard to a certain brand of goods and services is crucial. Because more Muslims are using financial services and goods that comply with Islamic law, there is a greater need for Islamic banks. According to Islam and Rahman (2017), it keeps them from dealing with traditional banks that use interest principles in their operations.

Religion has a significant impact on customers' dedication and materialism, which in turn affects their preferences, according to Junaidi et al. (2022). This mechanism explains how customers, their banks, and religiosity are closely related. It seems that customers who are well-informed about this Islamic banking system are more inclined to be loyal and feel like they belong. This implies that materialism, religion, and consumer commitment must be cultivated at the fundamental level to systematically establish customer preferences.

Based on the Theory of Reasoned Action, Kaawaase and Nalukwago (2017) investigated how behavioural intentions—including their subjective norm and attitude components—affect the desire to use Islamic banking and how religion may act as a mediator and enhancer in this relationship. Both behavioural intentions and the desire to use Islamic banking were found to be positively correlated in the correlational analysis. The results of the mediation tests indicated that behavioural intentions influence the desire to use Islamic banking through the mechanism of religion. Furthermore, after adjusting for the impacts of control factors (such as age, education, and religion), the findings of the hierarchical regression analysis revealed a substantial correlation between religiosity and affinity for Islamic banking.

According to Amuda & Al-Nasser (2024), one of the main factors that cause customers to choose Islamic banking services is Religiosity. Islamic banking abstains from interest based on Shariah-compliant principles (actual procurement of money) and encourages risk-sharing and backed by physical asset financing. In special countries with a huge Muslim population, lookup such as this finds an enormous have an impact on of customers faith on their banking choices. In a Muslim majority country, religious commitment is one of the key reasons for choosing Islamic banking services in Bangladesh (Kammer et al., 2015). The researchers concluded that that as much as customer patronage is rooted in religious commitment, this is not sustainable in the absence of economic benefit and desirable service outcomes. Islamic banking in Bangladesh has been growing rapidly, driven by the increasing demand for Sharia- compliant financial products and services. One of the key aspects of Islamic banking is its religious commitment, where the financial activities of the bank adhere strictly to the principles outlined in Islamic law (Sharia). This religious commitment is essential to maintaining customer trust, differentiating Islamic banks from conventional banks, and ensuring the ethical standards of financial transactions. This literature review explores the concept of religious commitment in Islamic banking in Bangladesh, examining its importance, challenges, and the ways in which it is applied and perceived in the country.

As defined by Hassan and Islam (2015), religious commitment in Islamic banking denotes how well the activities of the bank meet the tenets of Sharia law, especially with regards to riba (interest), gharar (uncertainty), and haram (forbidden). The main aim of an Islamic bank is to offer its clients financial services according to the values and principles of finance described in the Quran and Hadith. This entails the use of equity contracts such as mudarabah and musharakah among others.

Islamic banks have been able to position themselves as rivals to mainstream banks due to their promotion of these values within Islam. Nonetheless, it should be noted that observance of Sharia varies, and there have been discussions regarding the level of religious commitment within the industry. Religious commitment actually becomes important in the context of Islamic banking, especially in nations like Bangladesh where Muslims make up a significant proportion of the populace. Individuals opting for such banks are driven by religious motives.

It is important for Islamic banks to be religiously committed as it fosters trust and confidence among their customers. The customers in Bangladesh know about Islamic finance and expect the bank that they associate with to provide services that comply with Islamic values. Religion plays an important role in distinguishing Islamic banks from traditional banks in addition to attracting customers because of its connection with ethics and societal welfare (Rahman & Chowdhury, 2017). The Islamic commitment to ethical behavior is also linked to the social benefits of Islamic financing practices. One of the fundamental values of Islamic finance is social justice, which is about fostering fair practices, fighting exploitation, and doing good things for society (Aziz & Mollah, 2013).

Religious commitment makes it possible for Islamic banks to target Muslims in particular since they have a preference for Sharia products. Given the increased demand for Islamic finance services, religion becomes an important determinant of differentiation among banks in a competitive market where conventional banking services are already established.

Despite the significance of religious commitment within Islamic banks, there are a number of challenges in maintaining a very high degree of religious commitment in Islamic banks in Bangladesh. A major challenge faced by Islamic banks in Bangladesh is the unavailability of an appropriate legal environment that caters to Islamic banks. The legal structure of the banking sector in Bangladesh is mainly meant to address the needs of conventional banks and not Islamic banks. There is a need to bring about reforms within the law of the land in order to facilitate Islamic banking in Bangladesh.

Most Islamic Banks operating in Bangladesh uses Shariah boards or committees to check whether the activities of these banks conform to Islamic laws. Nevertheless, there have been issues regarding the objectivity and efficiency of Sharia boards in Bangladesh. Also, there is inconsistency in the interpretation and application of Sharia principles. Some Islamic banks are not serious when implementing Sharia principles, thus resulting in poor performance of these banks in terms of being religiously committed. Additionally, Sharia boards do not have enough Sharia scholars to guide them.

There is limited understanding of the significance of being committed to religion among customers in the Islamic banking system in Bangladesh. The principles that guide Islamic finance may not be well understood by customers, which results in misunderstandings regarding the nature of the banking products offered. Customers may opt for convenience or profitability over religiosity as a result of limited understanding. Hence, Islamic banks have the responsibility of making their customers aware of the significance of religiosity in the banking industry.

Outcomes of Interviews and Focus Group Discussions and an Analysis

As regards customer perceptions about trust, religiosity, and satisfaction with the utilization of Islamic banking services, the interviewees in this research were posed the following set of questions:

1. Are the customer perceptions about trust, religiosity, and satisfaction with Islamic banking products significant? Why or why not?
2. What measures can Islamic banks take to enhance customer perceptions regarding trust, religiosity, and satisfaction with Islamic banking products?

By analysing the responses, the following codes were generated through Atlas.ti

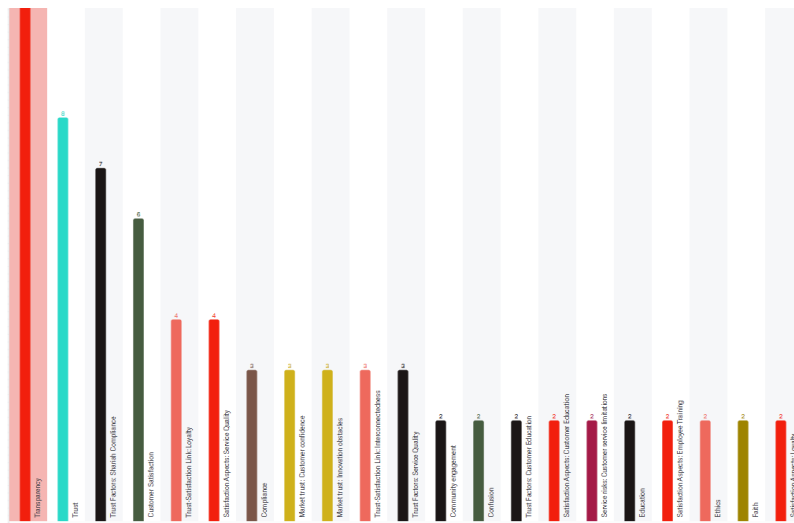


Figure 2: Atlas.Ti Codes Generated from The Interview Responses Regarding the Role of Trust, Religiosity, and Satisfaction

The results of the analysis of the transcripts of interviews and the coding in Atlas.ti indicated three major themes. First, all interviewees consistently maintained that trust largely stems from Shariah compliance, transparency, and ethics. The second major theme identified in this study was that religiosity tends to be the main factor prompting people to opt for Islamic banking services. Finally, customer satisfaction becomes a critical determinant of customer loyalty.

Theme 1: Trust as a Foundation of Islamic Banking

From the results obtained, it can be concluded that trust is an important element affecting customers' perception of Islamic banking. It was found that the customers considered Shariah compliance, ethics, and transparency as crucial factors when choosing Islamic banking products. According to participant R1, any divergence from Shariah could lead to a negative impact on customers' trust and loyalty to the banks. Participant R3 stressed the importance of transparency and Shariah governance practices and reports. Based on these results, trust in Islamic banking arises more out of customers' trust in Islamic principles than finances.

Theme 2: Religiosity as a Driver of Customer Preference

Religiosity became one of the factors affecting the preference of customers for Islamic banking services. Customers tend to use Islamic banks due to their search for Shariah-compliant banking services as well as desire to avoid transactions involving interest rates. Participant P2 highlighted that religious consciousness along with public education can increase the trust of customers in Islamic banks. Similarly, participant P3 also explained that religiosity becomes an important pillar of Islamic banks that differentiates them from conventional banks. It is clear from the results that religiosity remains the first driving factor for using Islamic banking services.

Theme 3: Customer Satisfaction and Service Quality

Further, the results showed that customer satisfaction plays a vital role in building relationships between customers and Islamic banks. The factors included quality of service provided, provision of digital banking services, efficiency in managing complaints, and customer service. R1 stated that even if the services offered by Islamic banks are according to religious standards, but inefficient, then it will be possible that customers will build a relationship with regular banks. In addition, R3 emphasized on providing more convenience to customers.

The Interconnection of Trust, Religiosity, and Satisfaction

It is imperative to understand the relationship between trust, religiosity, and satisfaction to achieve success and sustainable development in Islamic banks. On one hand, trust helps establish credibility in the implementation of Shariah requirements, and on the other hand, religiosity motivates individuals to utilize the services offered by Islamic banks. Customer satisfaction will enable them to stay loyal to the institution.

According to various empirical studies, any discrepancy between the Shariah identity of an organization and the experiences of customers will adversely affect its legitimacy and image. To improve perceptions of trust, religiosity, and satisfaction among clients, the following measures may be considered by Islamic banks:

Transparency: Ensure that Shariah governance structure, audit results, and rationale for the issuance of Fatawā regarding Shariah compliance are provided on a regular basis.

Client Education: Organize seminars to raise awareness regarding Islamic banking and enable clients to appreciate the ethical aspects of products being offered.

Service Quality: Pay attention to quality enhancement in digital service delivery and complaint handling procedures.

Corporate Engagement: Work with community leaders and Shariah scholars to foster trust in the targeted market segment.

Regularly Measure Satisfaction: Implement tools to assess customer satisfaction and religiosity indices, allowing for continuous refinement of product design and communication strategies.

As stated by R1, *“Absolutely! These three things are the lifeblood of our business. For our customers, choosing us is a deep act of faith—they must believe we are following Shariah law completely. This focus on faith means trust is everything. If customers hear any hint that we're bending the religious rules, they quickly lose faith. This loss of trust has already caused deposits to drop recently.*

Satisfaction is the cherry on top. If the religious part is perfect but the service is slow, customers won't stick around. You need fast, modern service to keep them happy. For instance, a highly religious customer might still keep a secondary account at a conventional bank for faster utility bill payments.

To boost trust and religiosity or faith, we must greatly improve our Shariah controls. This means making the SSCs truly independent and publishing their audit reports so everyone can see them. We need to fix our internal systems to prevent the financial scandals that have recently harmed public trust. We must have strong, honest leaders and strict rules that leave no room for error.

To improve satisfaction, we have to invest in technology, so our services are fast and easy to use. Also, our staff needs proper training to clearly explain to customers how our Shariah products work, reinforcing the ethical value. For example, publishing a simple, one-page summary of our annual Shariah audit will show transparency.”

According to R3, “Yes, these perceptions are extremely important. Trust influences a customer’s willingness to deposit, invest, or recommend the bank. Religiosity drives the preference for Shariah-compliant products, and satisfaction determines long-term loyalty and advocacy. To strengthen customer perceptions, Islamic banks should:

- (a) Ensure transparency by publishing Shariah governance frameworks, audit reports, and Fatāwā justifications;*
- (b) Clarify product mechanisms—how Shariah principles are applied to pricing, profit allocation, and risk-sharing;*
- (c) Enhance service quality, particularly in digital convenience and complaint resolution;*
- (d) Conduct public education campaigns linking banking products to Islamic ethical principles;*
- (e) Engage community leaders and scholars to promote trust and credibility; and*
- (f) Regularly measure satisfaction and religiosity indices to refine product design and communication.”*

As opined by one of the participants of the focus group discussion (P2), “Islamic banks should focus on standardising and publicising fatwas, conducting education campaigns, and incorporating more religious scholars, which will develop trust among the customers and lead to their satisfaction”.

P3 said, “These three perspectives (trust, religiosity, and satisfaction) are not only important, but they also serve as the pillars that underpin Islamic banking and distinguish it from its conventional equivalent. In short, trust is the cornerstone, religion is the hook, and satisfaction is the glue that ensures long-term customer loyalty and consistent growth.” P1 and P4 also echoed these opinions.

During the ATN programme anchored by this researcher, one of the participants, who was the Senior Vice President & Head of Financial Institutions of Islamic Bank Bangladesh PLC, said, “Customers come to Islamic banks for two reasons: they are willing to get Shariah-compliant products from those banks, and they also want good service. Hence, all Islamic banking should properly inform the customer, highlight the product features, promote it, and increase customer awareness to enable the customer to provide complete Islamic banking services.”

It is evident that trust, religiosity, and satisfaction share strong ties in their association with each other and are not standalone factors. Trust enhances the faith of the consumers in the Shariah-compliance practices of these banks; religiosity helps the consumer start using Islamic

banking facilities while satisfaction plays an essential role in the continued usage of those services.

Conclusion

Drawing from the experience of Islamic banking professionals, Sharia scholars, and other relevant sources, this research concluded that trust, religiosity, and customer satisfaction have significant roles to play in customer perceptions about Islamic banking services in Bangladesh. The results suggest that customer trust in Islamic banking has a high relationship with Sharia conformity, transparency, ethical behavior, and service delivery quality. Although religiosity acts as a strong motivator for customers using Islamic banking services, customer satisfaction remains crucial for building customer loyalty.

The study contributes to the Islamic banking literature by enhancing the understanding of the interconnected roles of trust, religiosity, and satisfaction in shaping customer perceptions. In terms of practical implications, it is important for the Islamic banks to improve their transparency, educate customers more about Shariah-based banking, provide high-quality services, and develop Shariah governance mechanisms. Moreover, Bangladesh Bank and other policymakers can help sustain Islamic banking operations through Shariah governance, regulation, and customer awareness programs.

This study has a number of limitations. Firstly, the results of this study are derived from a fairly small sample size of practitioners of Islamic banks, Shariah scholars, and industry experts. Secondly, this research is specific to the Bangladeshi setting, and hence there might be some limitations for applying its results to other nations. Thirdly, the study has investigated the customer perceptions via the expert viewpoints rather than actual customers' views. Future studies can apply a large quantitative survey among customers of Islamic banking institutions to confirm these results.

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