

Islamic Insurance Services in Riau Province: a Customer Satisfaction Survey

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Abstract

This study is motivated by curiosity about Islamic insurance services in Riau Province. Survey technique is used in data collection in this study. The population is Islamic insurance customers in this province and the samples in this study refer to the calculation of Hair et al with total assets of Islamic insurance as a consideration in determining proportional allocation. Sources of data in this study are primary data (data collection techniques using questionnaires) and secondary data (collection of relevant documents). The data analysis technique uses descriptive statistics with a frequency distribution (presented using table). The results of the study found that the most Islamic insurance customers are satisfied with various aspects of the services provided by Islamic insurance, while the five service aspects with the highest level of customer satisfaction are Islamic insurance staff friendliness, advice given by Islamic insurance employees, Islamic insurance name and image, confidentially Islamic insurance customer data, as well as various kinds of facilities offered by Islamic insurances.

Keywords: Services Satisfaction, Islamic Insurance, Riau Province

1. Introduction

The Islamic insurance sector in Riau Province (one of the provinces in Indonesia) must be able to gain public trust as a financial institution that has good credibility. Thus, Islamic insurance is required to have competitiveness as an effort to create a good image for its market share. The rapid development of Islamic insurance in Riau Province which competes with each other in providing the best and quality service to its loyal customers makes it important to know the level of customer satisfaction with various aspects of the services provided by Islamic insurance. Measurement of customer satisfaction with Islamic insurance service is necessary carried out to identify and plan better strategies in the future and also for the company to further improve the quality of service in order to meet customer desires and needs as well as to minimize problems that will arise in the future.

Islamic insurance must be sensitive to customer satisfaction. Customer satisfaction is one that must be maintained by Islamic insurance in the midst of competitive dynamics with competitive conventional insurance. Islamic insurance customer satisfaction will be realized by maximizing pleasant experiences, and minimizing unpleasant experiences felt by customers. Customer satisfaction will also have an impact on the creation of obstacles, switching costs, and customer loyalty.

The study entitled Islamic Insurance Services in Riau Province: a Customer Satisfaction Survey was conducted during the Covid-19 pandemic that hit the world. In the midst of the Covid-19 virus outbreak, Islamic insurance is still required to provide excellent insurance services. With the implementation of new normal by the government, offices have been allowed to resume their activities. This includes insurance that are allowed to provide services to their customers directly or face-to-face.

1.1 Objective

Based on the description above, this study was conducted which aims to determine the level of customer satisfaction with Islamic insurance services in Riau Province, Indonesia.

2. Literature Review

2.1 Islamic Insurance

In Arabic, insurance is called *at-ta'min*, the insurer is called *muammin*, while the insured is called *muamman lahu* or *musta'min*. The meaning and understanding of Islamic insurance, in term of legislation, is contained in laws and regulations so that legally positive is officially contained in regulations and can be implemented in social life (Sula, 2016).

In the Law of the Republic Indonesia Number 40 of 2014 Concerning Insurance explaining the meaning of Islamic insurance is a collection of agreements consisting of agreements between Islamic insurance companies and policy holders and agreements between policy holders in context of managing contributions based on sharia principles in order to help and protect each other by: (a) providing compensation to participants or policyholders due to losses, damages, costs incurred, lost profits, or legal liability to third parties that may be suffered by participants or policyholders due to uncertain events, or (b) provide payments based on the participant's death or payments based on the participant's life with benefits whose amount has been determined and/or based on the results of fund management (Undang-Undang Republik Indonesia Nomor 40 Tahun 2014 Tentang Perasuransian).

National Sharia Board (DSN-MUI) in its fatwa on general guidelines for Islamic insurance, defines insurance as follows: Islamic insurance (*ta'min, takaful' tadhamun*) is an effort to protect and help each other among a number of people/parties through investment in the form of assets and or *tabarru'* that provide a pattern of returns to face certain risk through a contract (engagement) in accordance with sharia (Fatwa Dewan Syariah Nasional No. 21/DSN-MUI/X/2001).

Meanwhile, Hisan (1996) said that insurance is an attitude of *ta'awun* that has been arranged in a very neat system between a large number of people, all of them are ready to anticipate an event, if some of them experience the event with a little gift given by each participant. With this gift they can cover the losses suffered by the participants who were struck by the disaster. Thus insurance is a commendable *ta'awun*, namely helping each other in doing good and piety. With *ta'awun* they help each other, and they are afraid of the dangers that threaten them.

Thus, insurance is seen from perspective of theory and system, regardless of the means or ways of working in realizing the system and putting the theory into practice, is very relevant to the general objectives of sharia and is called for the arguments. Insurance in this sense is permitted by sharia without any difference of opinion. However, differences of opinion arise in some of the means of work that seek to realize and apply these theories and systems, namely contract in conventional insurance which are carried out by the insured together with the insurance company.

2.2 Customer Satisfaction with Islamic Insurance Services

Adapting from Naser et al. (2013) which identifies factors that can affect customer satisfaction with the services provided by Islamic financial institutions, then determined the factors that affect customer satisfaction in Islamic insurance service including advice given by Islamic insurance employees, Islamic insurance employee skills, Islamic insurance employee qualification level, trust in the Sharia Supervisory Board, trust in Islamic insurance management, service fees offered by Islamic insurance, number of branches from Islamic insurance, Islamic insurance opening hours, efficiency and speed of Islamic insurance in completing transactions, customer confidentiality, various kinds of facilities offered, name and image of Islamic insurance, Islamic insurance staff friendliness, compliance with Islamic insurance furniture, parking facilities provided for Islamic insurance customers, efficiency in handling problems through telephone service, Islamic insurance architectural design, Islamic insurance internal arrangement design, advertising existing products from Islamic insurance, advertising new products from Islamic insurance, counseling provided, availability of funds, and service fees for checks.

2.3 Quality of Service in Islamic Perspective

Several studies have revealed different types of determinants that contribute towards customer satisfaction. According to Bahari (2014), good quality service leads to customer satisfaction and their decision to suggest and promote the policies to others. Parasuraman, Zeithaml and Berry (1988) defined service quality as an overall judgement criterion similar to the attitude towards the service and generally accepted it as an antecedent of all aspects of customer satisfaction (Zeithaml & Bitner, 1996). Previous studies on customer satisfaction clearly demonstrate that the relevant advice is necessary to deal with all kinds of insurance sectors including the Islamic insurance industry. It is assumed that the provided advice is universally applicable to all the insurance sectors. All types of insurances can be treated the same and can address the customer satisfaction concept in general terms without making any explicit reference to any type of insurance.

Razak et al. (2013) reported that the most effective and influential factor is service quality because it is important to the customer for their evidences. Service quality is considered as a company's competitive advantage and a route to corporate profitability (Newman, 2001). According to Headley and Miller (1993), service quality has now become a critical competitive consideration. Service quality is about meeting customer needs and requirements and delivered compatible of the service in line with the customer's expectations (Al-Tamimi & Al-Amiri, 2003).

A study conducted by Lai et al. (2014) reported that service quality significantly affects overall customer satisfaction. Customers expect the service providers to do what they are supposed to do fairly and this is considered

as the key to fulfil the customer's expectations. Being accurate and dependable is expected to satisfy the customer needs. Customer satisfaction is the result of the buyer's perception of service quality and this satisfaction further leads to customer retention. This ensures good reputation and repetition of purchase while enhancing the relationship (Hamid, 2011).

As stated by Gronroos (1997) and Ryals and Knox (2001), the perspective of customer satisfaction is mainly driven by the service quality of the Islamic insurance operator. Service quality is important because, as the customer may switch to another service if they are not satisfied. The feeling that customers endure when they experience a service that fulfils or surpasses their expectation is called as customer satisfaction. Customer satisfaction is defined as the global evaluation of relationship fulfilment by any firm (Dwyer & Oh, 1987). Generally, customer satisfaction is known as an outcome of service quality, which means that it is related to the quality of the products or services provided to the customer in a positive manner. Brady and Robertson (2001) and Cronin and Taylor (1994) confirmed a positive relationship between high service quality and customer satisfaction.

According to Othman and Owen (2001) quoted in Putra and Sri Herianingrum (2014), the concept of service quality in an Islamic perspective is a form of cognitive evaluation from consumers on the presentation of services by service companies that rely each of their activities on moral values and in accordance with compliance that has been described by Islamic law.

2.4 Operational Concept

The operational concept of research can be seen in the table below:

Table 1. Operational Concept

Concept	Dimension	Indicators
Customer service satisfaction	Customer satisfaction with Islamic insurance services	<ol style="list-style-type: none"> 1. Advice given by Islamic insurance employees 2. Islamic insurance employee skills 3. Islamic insurance employee qualification level 4. Trust in the Sharia Supervisory Board 5. Trust in Islamic insurance management 6. Service fees offered by Islamic insurance 7. Number of branches from Islamic insurance 8. Islamic insurance opening hours 9. Efficiency and speed of Islamic insurance in completing transactions 10. Customer confidentiality 11. Various kinds of facilities offered 12. Name and image of Islamic insurance 13. Islamic insurance staff friendliness 14. Compliance with Islamic insurance furniture 15. Parking facilities provided for Islamic insurance customers 16. Efficiency in handling problems trough telephone service 17. Islamic insurance architectural

		design 18. Islamic insurance internal arrangement design 19. Advertising existing products from Islamic insurance 20. Advertising new products from Islamic insurance 21. Counseling provided 22. Availability of funds 23. Service fees for checks
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Source: Processed Data, 2022

3. METHODS

3.1 Method of Collecting Data

This study is a descriptive study with survey technique as a way of collecting data. Descriptive study design is a study design that is structured in the framework of provide a general and systematic overview of scientific information originating of the subject or object of the study. While the survey technique is a collecting data by asking questions or statements to respondents either in oral or written form (Sanusi, 2017).

The population in this study are Islamic insurance customers in Riau Province. Then to determine the number of samples in this study refer to the calculation from Hair et al (2011) in Wati (2018), namely the number of study indicators multiplied by 5 to 10. Thus, it is known that this study uses 23 statement indicators so that the sample calculation for this study is 23 times 5 equals 115 samples.

The data collection technique in this study uses a questionnaire that is given directly to respondents in the field. Questionnaire is a data collection technique carried out by giving a set of questions or statements to other people who are used as respondents to answer (Suryani and Hendryadi, 2015). Then for the measurement of the following indicators using a Likert Scale. Likert Scale is a scale used to measure attitudes, opinions, and perceptions of a person or group related to an event or social phenomenon (Riduwan, 2014).

3.2 Data Analysis Method

Descriptive statistics will be used to analyze the questionnaire and to provide information about the respondents' backgrounds. Descriptive statistics were also used to identify the mean reasons behind dealing with an Islamic bank or dealing with Islamic and conventional banks. Descriptive statistics were also used to measure the level of the respondents' satisfaction of different aspects of the Islamic bank. Descriptive statistics are statistics that describe phenomena or data as in the form of tables, graphs, frequencies, average or other form (Suryani and Hendryadi, 2015).

4. Result And Discussion

4.1 Customer Satisfaction with Islamic Insurance Services

The following table describes customer satisfaction with Islamic insurance services:

Table 2. Customer Satisfaction with Islamic Insurance Services

No		Very satisfied		Satisfied		No view		Not satisfied		Not satisfied at all		Rank
		f	%	f	%	F	%	f	%	f	%	
1	Advice given by Islamic insurance employees	38	33,0	61	53,0	15	13,0	1	0,9			2
2	Islamic insurance employee skills	42	36,5	61	53,0	10	8,7	2	1,7			7
3	Islamic insurance employee qualification level	41	35,7	58	50,4	16	13,9					6
4	Trust in the Sharia Supervisory Board	37	32,2	56	48,7	21	18,3	1	0,9			11

5	Trust in Islamic insurance management	29	25,2	67	58,3	16	13,9	3	2,6			9
6	Service fees offered by Islamic insurance	35	30,4	61	53,0	16	13,9	3	2,6			8
7	Number of branches from Islamic insurance	16	13,9	60	52,2	32	27,8	7	6,1			23
8	Islamic insurance opening hours	20	17,4	66	57,4	26	22,6	3	2,6			21
9	Efficiency and speed of Islamic insurance in completing transactions	23	20,0	70	60,9	18	15,7	3	2,6	1	0,9	12
10	Customer confidentiality	45	39,1	57	49,6	13	11,3					4
11	Various kinds of facilities offered	35	30,4	66	57,4	13	11,3	1	0,9			5
12	Name and image of Islamic insurance	41	35,7	64	55,7	9	7,8	1	0,9			3
13	Islamic insurance staff friendliness	56	48,7	51	44,3	7	6,1	1	0,9			1
14	Compliance with Islamic insurance furniture	22	19,1	69	60,0	23	20,0	1	0,9			15
15	Parking facilities provided for Islamic insurance customers	25	21,7	55	47,8	29	25,2	5	4,3	1	0,9	22
16	Efficiency in handling problems trough telephone service	20	17,4	69	60,0	24	20,9	2	1,7			18
17	Islamic insurance architectural design	23	20,0	68	59,1	21	18,3	3	2,6			14
18	Islamic insurance internal arrangement design	22	19,1	71	61,7	21	18,3	1	0,9			13
19	Advertising existing products from Islamic insurance	24	20,9	64	55,7	26	22,6	1	0,9			19
20	Advertising new products from Islamic insurance	21	18,3	67	58,3	25	21,7	2	1,7			20
21	Counseling provided	22	19,1	69	60,0	23	20,0	1	0,9			16
22	Availability of funds	17	14,8	74	64,3	23	20,0	1	0,9			17
23	Service fees for checks	25	21,7	70	60,9	20	17,4					10

Source: Processed Data, 2022

Based on the results of the research, it can be seen that there are five aspects of Islamic insurance services that have the highest level of customer satisfaction in Riau Province, namely Islamic insurance staff friendliness, advice given by Islamic insurance employees, Islamic insurance name and image, confidentially Islamic insurance customer data, as well as various kinds of facilities offered by Islamic insurances.

The results of this research are in line with those found by Zaida et al (2018) who also found that in Malaysia the role of agents and service quality are significant towards the determinants of customer satisfaction in Takaful insurance services.

Then in another research (Waheed et al, 2021) in Pakistan also found that Islamic insurance customers in Pakistan have a high level of satisfaction with improved service and relationship quality.

Furthermore, a study in Malaysia conducted by Kawata and Salman (2022) reported that there are three main results in this study. First, the factors that determine both Muslims' and non-Muslims' satisfaction with insurance were different. Second, while non-Muslims in Malaysia were satisfied with both the conventional and Islamic insurances, Muslims were more confident with the Islamic insurance than conventional ones. Furthermore, the current Islamic insurance would be accepted with higher satisfaction by non-Muslims than Muslims. Third, the extended customer satisfaction analysis successfully detected factors that determined satisfaction for both the conventional and Islamic insurances, suggesting the extended customer satisfaction analysis was effective.

5. Conclusion

Finally, this research found that the five service aspects that have the highest level of customer satisfaction in Islamic insurance in Riau Province are Islamic insurance staff friendliness, advice given by Islamic insurance employees, Islamic insurance name and image, confidentially Islamic insurance customer data, as well as various kinds of facilities offered by Islamic insurances. It should also be added that Islamic insurance need to improve and strengthen their number of branches from Islamic insurance and further improve the quality of service.

After all, if other research was carried out during normal times, it is different from this research which was conducted during the Covid-19 pandemic which might affect the perception of research respondents. This research is in line with the results of other studies as stated above and those that are not disclosed in this paper. This means that the indicators used in this study generally have met their validity and reliability.

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Biography

Boy Syamsul Bakhri is an assistant professor in Sharia Economics at Faculty of Islamic Religion, Islamic University of Riau, Pekanbaru. Earned an S.E. Ak. at FEUI (now FEBUI) Jakarta, and an M.Sc at UUM Malaysia. Currently the author is completing his Ph.D at Unisza Malaysia. The author was also entrusted as Vice Chairman of Indonesian Economist Association (ISEI) Riau Province and as General Secretary of the Indonesian Association of

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