

ABSTRACT

A Survey result done by Markplus Insight about Customer Satisfaction Index shows that the customer satisfaction index of Bank Muamalat is increasing, but the rank of the bank is still at number four among other sharia banks. With the increasing growth and competition of sharia banking, it is necessary to examine the efforts that can improve the Sharia Banking Customer Satisfaction Index in Bank Muamalat to get to the top of the rank.

The service quality and the product quality are believed to have an impact on satisfaction and creating the word-of-mouth activity. To prove it, data about service quality, product quality, customer satisfaction and word of mouth is collected by interviewing 110 customers. Then, data is analyzed under Structural Equation Modeling (SEM).

The SEM result shows that service quality has a positive and significant effect on customer satisfaction, product quality has a positive and significant effect on customer satisfaction, and customer satisfaction has a positive and significant effect on word of mouth.

Based on the SEM test, it also found that service quality has the highest effect to the customer satisfaction. Therefore, the managerial implication should place the service quality improvement as a priority.

Keywords: service quality, product quality, customer satisfaction, word of mouth