

This study explores the impact of service quality on the satisfaction of customers of the Islamic banks operating in Lahore Pakistan means whether the customers of Islamic banks are satisfied by the facilities provided by the banks. Tangibility, reliability, responsiveness, assurance, empathy and shari'ah compliance are the dimensions of service quality and taken as independent variables while customer satisfaction is taken as dependant variable. For the purpose of study, feedback of 100 customers of 5 Islamic banks operating in Lahore Pakistan regarding service quality and satisfaction level is collected. Banks and customers are selected on the basis of convenient sampling.

A structured self-administrated questionnaire in English was distributed to customers of the Islamic banks. Personal contact approach was also applied to explain the questions. SPSS 16.0 version was used to draw analysis. Results show that tangibility, reliability, responsiveness, assurance, empathy and shari'ah compliance have positive relationship with customer satisfaction. The value of R square shows that 86.6% variation in customers' satisfaction is explained by tangibility, reliability, responsiveness, assurance, empathy and shari'ah compliance. Responsiveness, empathy and shari'ah compliance significantly affect the customer satisfaction while tangibility, reliability and assurance insignificantly affect the customer satisfaction. So, the bank managers should focus on these three dimensions of the service quality if they want to enhance the customer satisfaction.