

THE APPLICATION OF EXCELLENT SERVICE IN INCREASING MEMBER LOYALTY AT BMT NU GILIRAJA

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Abstract

This study examines the application of service excellence in improving member loyalty at BMT NU Giliraja, a community-based Islamic microfinance institution in Sumenep Regency, East Java. The institution faces challenges in maintaining member loyalty, with declining member participation and an increase in non-performing loans. This study employs a descriptive qualitative approach using data collection techniques such as in-depth interviews, non-participatory observation, and internal documentation. The research focuses on analyzing how the dimensions of service excellence—including responsiveness, empathy, transparency, and Islamic values—contribute to member loyalty. The main findings indicate that member loyalty is more influenced by personal interactions based on religious and social values than by physical facilities or technical services. Service speed, empathetic attitudes of staff, transparency of information, and service innovations such as pickup deposits and WhatsApp are dominant factors in building loyalty. Practically, this study suggests that BMT NU Giliraja needs to strengthen staff soft skills training and continue digital service innovations to expand access without reducing personal closeness. Theoretically, this study enriches the literature on service excellence in community-based Islamic microfinance institutions and contributes to the development of Islamic economics and Islamic education in the future.

Keywords: service excellence, member loyalty, BMT NU Giliraja, Islamic economics, qualitative approach

Abstract

This study examines the application of service excellence in increasing member loyalty at BMT NU Giliraja, a community-based Islamic microfinance institution in Sumenep Regency, East Java. The institution faces challenges in maintaining the loyalty of its members, with declining member participation and an increase in non-performing loans. This study uses a descriptive qualitative approach with data collection techniques in the form of in-depth interviews, non-participatory observations, and internal documentation. The focus of the research is to analyze how the dimensions of service excellence, including responsiveness, empathy, transparency, and Islamic values, contribute to member loyalty. Key findings suggest that member loyalty is more influenced by personal interactions based on religious and social values, rather than just physical facilities or technical services. The speed of service, the empathic attitude of the officers, the transparency of information, and service innovations such as deposit pick-up and WhatsApp are the dominant factors in building loyalty. Practically, this study suggests that BMT NU Giliraja needs to strengthen the soft skills training of officers and continue digital service innovations to expand access without reducing personal proximity. Theoretically, this study enriches the literature on service excellence in community-based Islamic microfinance institutions and contributes to the development of Islamic economics and Islamic education in the future.

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INTRODUCTION

In an era of increasingly complex economic competition, Islamic microfinance institutions such as Baitul Maal wat Tamwil (BMT) face challenges not only in providing financial products according to sharia principles, but also in providing superior service (service excellence).¹ Services that meet members' expectations, even exceed them, are the main determinants of member loyalty and institutional sustainability. This superior service includes technical dimensions as well as emotional, spiritual and social aspects that reflect Islamic values such as amanah, sidq, and taawun.

According to Lovelock and Wirtz, service excellence is a systematic process to improve service quality through service design, employee training, and integrated technology.² Member loyalty, as Oliver explains, is a deep commitment to continue to re-choose the service despite other alternatives.³ In the context of BMT, member loyalty is not only seen in the repeated use of financial products, but also participation in social activities and contributions to the spread of the institution's positive image. BMT NU Giliraja, as a strong NU community-based institution with religious values and social solidarity, has recorded an increase in non-performing loans and a decrease in member participation. This is a signal that the implementation of service excellence may not be optimal in terms of empathy, trust, and interpersonal communication.

In this context, it is also important to review how the concept of service excellence is not only understood from the technical side of service, but also from the perspective of alignment with the cultural and religious values that are the foundation of BMT's existence itself. Institutions such as BMT NU Giliraja not only carry out economic functions, but also social and spiritual functions. Therefore, the measure of service success is not only judged by the efficiency or speed of transactions, but also by the depth of social relations and the sincerity of interaction between officers and members. Service practices that prioritize smiles, greetings, politeness, and manners (5S) become more meaningful when synergized with the values of ukhuwah Islamiyah, sincerity in helping, and concern for the condition of diverse members, both economically and psychologically.

At the same time, the existence of BMT NU Giliraja in the midst of the NU community provides a great opportunity to build loyalty based on value bonds. Loyalty in this context is not only built because of momentary satisfaction, but because of a sense of belonging to the institution which is considered an extension of the mission of the ummah. Therefore, the spiritual and emotional dimensions of service need to be strengthened systematically—both through special training based on Islamic values, spiritual mental coaching of employees, and dialogical approaches that humanize members. Services that touch the heart and invite reflection on faith are actually a competitive advantage that other formal financial institutions do not have. Therefore, exploring the experience of members qualitatively is the right way to understand the depth of the relationship, including how they feel the meaning of the services provided.

¹ Jochen Wirtz & Christopher Lovelock, *Services Marketing: People, Technology, Strategy*, 9th ed. (Singapore, 2021).

² Wirtz & Lovelock, *Service Design, Employee Training and Tech Integration*, 2021.

³ Richard L. Oliver, "Whence Consumer Loyalty," *Journal of Marketing* 63 4 (1999): 33–44.

A number of studies in the context of BMT and other Islamic microfinance institutions show that the quality of service has a significant effect on member loyalty. A study at KSPPS BMT Berkah Mandiri Sejahtera shows that service quality explains around 31.8% variation in customer loyalty.⁴ Research on BMT Bisma Tangerang strengthens these findings, where the quality of service has been proven to have a positive and significant effect on member loyalty.⁵ In addition, at BMT At Taqwa Muhammadiyah Padang, it was found that the dimensions of SERVQUAL—reliability, assurance, physical evidence, empathy, and responsiveness—all significantly affect customer loyalty.⁶

Furthermore, in a cross-regional study in West Java using the PLS SEM path analysis model, it was concluded that service quality, customer trust, institutional image, and customer satisfaction directly and indirectly contribute positively to customer loyalty.⁷ Another study at BMT Surya Barokah also emphasizes the role of trust as a mediator between service quality and loyalty, especially in the framework of Islamic economics.⁸

However, most of the studies above are quantitative and use large BMT and are not specific based on NU community values such as BMT NU Giliraja. Therefore, there is still a research gap on how service excellence that touches the emotional, spiritual, and social dimensions is applied in real terms to BMT based on the NU community, as well as its impact on member loyalty. In particular, the emotional and spiritual dimensions have become very relevant in cultural Islamic values-based institutions such as NU. Empathetic service, friendly communication, friendly religious consultations, and spiritual presence in interactions can build a sense of comfort and security for members. This is different from the service approach in conventional Islamic banks which is more systematic and less personalized.

The hypothesis of this study is that the implementation of service excellence that touches the emotional, spiritual, and social dimensions will increase the loyalty of BMT NU Giliraja members. Individuals who feel valued for their religious and social values will be more likely to make repeated transactions, be active in the community, and be advocates for institutions in their environment. BMT NU Giliraja is known for its commitment to providing honest, professional, and inclusive services, with a focus on empowering small communities, micro business actors, and low-income families. Islamic values such as justice ('adl), help-help (ta'awun), and compassion (rahmah) are the foundation of service operations that are not only transactional, but also socially meaningful. The service elements considered in this study include: employee readiness to listen to member problems, timeliness of service, transparency of financing communication, spiritual touch in advice, and a friendly and friendly office atmosphere.

⁴ Yulianingsih & Sugiharto, "The Effect of Service Quality on Customer Loyalty at KSPPS BMT Berkah Mandiri Sejahtera," *Economics Learning Experience & Social Thinking Education Journal* 2 (2022): 196–203.

⁵ Wahyu Hidayat, "The Effect of Service Quality on the Loyalty of BMT Bisma Members of Tangerang City," *I BEST* 1 1 (2022): 30–35.

⁶ Desti G. Ningsih, "The Influence of Trust and Service Quality on Customer Loyalty at BMT at Taqwa Muhammadiyah Padang Lubuk Buaya Branch," *JUHANPERAK* 5 1 (2024).

⁷ Fertika Puspita Dewi et al, "Service Quality, Trust, Image and Satisfaction towards Customer Loyalty in Islamic Microfinance in West Java," *MEA Diary* 8 2 (2023): 210–225.

⁸ F Welta, "Research on Welta; Mentioned in Qomariah et al. 2012" (2017).

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The research approach uses qualitative methods, namely in-depth interviews with members, BMT managers, and service staff; participatory observation during service interactions, as well as documentation of internal policies and employee training. Qualitative descriptive analysis is expected to map how the service dimension is running, the obstacles faced, and the relationship with member loyalty. Theoretically, this study enriches the literature on service management in community-based Islamic microfinance institutions. The main contribution is the testing of the application of service excellence in the context of NU which has not been widely explored academically. Practically, the research findings are expected to provide strategic input to the management of BMT NU Giliraja to strengthen the most effective service dimension to build loyalty, for example through religious empathy training programs, more friendly service space design, and communication that prioritizes religious values.

THEORETICAL FOUNDATIONS

1. Relevant Theories

a. Excellent Service Theories

The concept of service excellent emphasizes the provision of services that not only meet customer expectations, but are able to exceed these limits. Parasuraman, Zeithaml, and Berry identified five main dimensions that serve as the benchmark for excellent service: tangibles, reliability, responsiveness, assurance, and empathy.⁹

The quality of service in an organization can be understood through five main dimensions. Tangibles refers to aspects of physical form that are seen directly, such as the feasibility of office facilities, the level of cleanliness of the service environment, and the professionalism of the appearance of staff in interacting with members. Reliability reflects the organization's ability to provide services consistently, accurately, and in accordance with the promises that have been made, thereby fostering members' trust in the institution. Meanwhile, responsiveness is related to the speed and willingness of staff to assist members and respond to needs and complaints in a timely manner. The assurance dimension shows the level of credibility and expertise of the staff, including the ability to provide a sense of security and confidence to members in every service process. Empathy emphasizes individual attention, caring attitudes, and a deep understanding of the needs and conditions of each member.

In the context of BMT NU Giliraja, these five dimensions are translated into service components that include personal interaction based on religious values, transparency of Islamic financial products, and emotional bonds directed at building member trust.

b. Customer Loyalty Theory

According to Oliver, customer loyalty is a deep commitment to reuse a product or service, even when faced with other alternatives.¹⁰ Oliver divides loyalty into four stages, namely Loyalty can be understood as a gradual process that develops from

⁹ dan Leonard L. Berry A. Parasuraman, Valarie A. Zeithaml, “SERVQUAL: A Multiple Item Scale for Measuring Consumer Perceptions of Service Quality,” *Journal of Retailing* 64 1 (1990): 12–40.

¹⁰ Oliver, “Whence Consumer Loyalty.”

cognitive aspects to real behavior. Cognitive loyalty arises when individuals show loyalty based on rational consideration of the information received and the perceived economic benefits of an institution. At this stage, loyalty is more dominated by logical evaluation and objective comparison.

Furthermore, loyalty develops into affective loyalty, which is an attachment built through positive experiences and emotional connections, so that individuals feel a psychological closeness to the institution. The next stage is conative loyalty, which is reflected in a strong intention and commitment to remain loyal, despite being faced with various alternatives. At its peak, loyalty is manifested in the form of loyalty action, which is real behavior in the form of repetitive actions such as conducting transactions consistently, supporting the institution's programs, and recommending them to other parties as a form of manifestation of loyalty that has been formed in its entirety. Using this theory, the research can explore how BMT NU Giliraja members react at each stage in the context of services that contain religious and social values.

3. Literature Review

- a. Hasanah researched sharia cooperatives and found that efficient communication, a combination of religious values in the service process, and a solutive approach to members increases member retention and loyalty.¹¹
- b. Rahmawati at Bank Syariah Mandiri found that customers who are served quickly, politely, and full of solutions foster stronger loyalty. Meaningful service includes Islamic product delivery and empathy for the customer's economic condition.¹²
- c. Puspita Dewi et al. on BMT in West Java concluded that service quality increases satisfaction and image of the institution, which in turn strengthens customer loyalty.¹³
- d. The study at BMT Berkah Mandiri Sejahtera shows that the quality of service explains $\pm 30\%$ variability of member loyalty, indicating the dominance of the influence of service on member commitment.¹⁴

However, all of these studies are quantitative, focusing on large BMT and not including the context of NU's cultural values.

4. Synthesis and Relevance of Theory

The theoretical approach of service excellence and customer loyalty forms a comprehensive analytical framework. Excellent service that adopts technical and social dimensions forms a positive experience for members; If the experience is consistent, members will enter the stages of loyalty: from rational thinking → emotional attachment → intention → real action. This research expands the study by focusing on the typical

¹¹ Hasanah, "The Role of Communication of Islamic Services and Services in the Loyalty of Sharia Cooperatives," *Journal of Islamic Economics* 6 1 (2019): 57–73.

¹² Rahmawati, "The Influence of Service Quality on Customer Loyalty of Bank Syariah Mandiri," *Journal of Islamic Financial Management* 7 2 (2021): 101–118.

¹³ Al, "Service Quality, Trust, Image and Satisfaction towards Customer Loyalty in Islamic Microfinance in West Java."

¹⁴ Yulianingsih & Sugiharto, "Quality Service Impact on Member Loyalty at BMT Berkah Mandiri Sejahtera," *Economics Learning Experience & Social Thinking Education Journal* 2 (2022): 196–203.

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context of BMT NU Giliraja: service is not only functional, but integrated with spirituality and family. Based on previous theories and research, this study (1) not only confirms the effect of service on loyalty, but also (2) examines which aspects of service—for example, aspects of spiritual empathy or sharia transparency—most effectively affect member loyalty.

The main problems faced by BMT NU Giliraja, namely the decline in active participation of members, the increase in problematic financing, and the weakening of member loyalty, can be traced through the quality of the service aspects provided. The tangibles dimension plays an important role because the condition of office facilities, the neatness of the environment, and the comfort of the service space affect members' sense of security and trust in transactions. Furthermore, the dimensions of reliability and responsiveness are crucial in the context of microfinance institutions, especially related to the timeliness of services, clarity of procedures, and the ability of institutions to provide quick and appropriate solutions to financing or credit problems of members.

In addition, the assurance dimension is reflected in the employee's competence in understanding and applying sharia principles, as well as the ability to provide assurance of fairness and certainty of service, which directly contributes to increasing the level of trust of members. Meanwhile, the empathy dimension is manifested through individual attention to members, understanding of their socio-economic conditions, and the existence of a religious touch in the form of religious consultation and advice, which is able to strengthen the emotional attachment between members and institutions. If all of these service dimensions run optimally, then this condition is in line with Oliver's theory of loyalty, where loyalty is formed gradually starting from rational considerations (cognitive loyalty), emotional attachment and comfort (affective loyalty), the emergence of the intention to remain loyal (conative loyalty), until finally manifested in real loyal behavior (action loyalty), such as making savings or refinancing and recommending BMT to other members.

METHOD

This study uses a descriptive qualitative approach, which is a method that focuses on a detailed description of the real situation that occurs in the field without variable manipulation or intervention by the researcher.¹⁵ This method is very suitable to understand the phenomenon of service at BMT NU Giliraja authentically and contextually. In the descriptive research, the researcher is tasked with presenting a 'social portrait' of members' interactions and perceptions of service, including how loyalty is formed or decreases.

The research was carried out by purposive sampling at BMT NU Giliraja, Giligenting District, Sumenep Regency, East Java, in the period of April 22-May 19, 2024. The selection of the location was based on the consideration of a decrease in member participation and an increase in non-performing loans, thus making this BMT a strategic case to be analyzed qualitatively.

¹⁵ David Marlon, "Descriptive Research in Psychology: Focused Snapshot of Current Phenomena" (2024).

As the main research instrument, researchers play an active role in data collection, organization, and interpretation.¹⁶ The tools used include a semi-structured interview guide that contains open-ended questions about members' experience of service, perceptions of service quality, and loyalty driving factors—with the flexibility to insert additional questions in the field. Observation sheets, to record direct interactions, expressions, service flow dynamics, and officer responses naturally during BMT office operations. And documentation, including institution profiles, service SOPs, membership reports, internal evaluation results, and member satisfaction statistics.

Data is collected using three main techniques:

- a. The in-depth interview will be conducted in April 2024 with active members, service managers, and operational staff. The duration of each interview ranges from 45–60 minutes, recorded, and subsequently transcribed for analysis purposes. This technique has been shown to be effective in uncovering motivation, emotional value, and spiritual value in BMT services—in line with the findings of hotel research that shows in-depth interviews facilitate the discovery of soft skills aspects and intrinsic motivation of informants.¹⁷
- b. Limited participatory observation was applied for three consecutive working days, during which the researcher was present in a daily service setting. Observations were directed at recording personal interactions, response speed, and religious nuances in the service.
- c. Documentation includes the collection of secondary data from official BMT documents—such as SOPs, member satisfaction and loyalty data, and service evaluation reports—to support triangulation and strengthen data validity.

The data sources are divided into two: primary data (the results of interviews and direct observations) that reveal perceptions, experiences, and the social context of the service, and secondary data (internal documentation) that provides objective and historical information about operations and membership.

The data analysis process follows the updated Miles & Huberman interactive model in the 4th edition, which has remained relevant in the last five years.¹⁸ The model has three main stages of analysis:

- a. Data reduction, which is filtering, grouping, and selecting pieces of data that are relevant to the focus of the research, such as members' statements of trust or disappointment with the service.
- b. The presentation of data is arranged in the form of a descriptive narrative, thematic matrix, direct quotes from informants, and visual tables to facilitate the identification of patterns of relationships between service and loyalty dimensions.

¹⁶ Zahid Hussain et Al, “An in Depth Interview Method to Explore the Retrospective Experiences of Online Classes,” *Journal of Digital Learning and Distance Education* 1 6 (2022): 225.

¹⁷ Ni Wayan Amelia Pratiwi et Al, “The Analysis of In Depth Interviews Importance in Identifying Hotel Employee Skills,” *West Science Multidisciplinary Journal* 3 12 (2024): 1955.

¹⁸ dan Johnny Saldaña Matthew B. Miles, A. Michael Huberman, “Qualitative Data Analysis: A Methods Sourcebook” (Los Angeles, 2020).

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- c. Conclusion drawing and verification, carried out by triangulation techniques (interviews, observations, documentation) and triangulation of sources, in order to ensure the consistency and validity of analytical findings, reducing the subjective bias of researchers.

With the application of this procedure, the research is expected to present an in-depth picture of service excellent practices, obstacles, and their influence on the loyalty of BMT NU Giliraja members. The findings produced are not only surface descriptive, but provide a rich context, covering the technical, emotional, spiritual, and cultural aspects of the NU community—so that they can be the basis for strategic recommendations in improving the quality of services.

RESULTS AND DISCUSSION FINDINGS

Responsiveness: Speed and Accuracy of Service

From the two-week non-participatory observation, as many as 78% of members stated that BMT NU Giliraja's response was very fast—account opening and loan approval (< Rp 3 million) was generally completed < 3 days. The mum was completed in less than three days. This is reinforced by internal document data showing that 87.5% of microcredit cases are approved within 1–3 business days. The following table summarizes the service speed data:

Type of Service	% Completion ≤ 1 Day	≤ 3 Days	> 3 Days
Account Opening	92%	98%	2%
Small Micro Loans	80%	88%	12%

These findings are consistent with IPA for other Islamic microfinance institutions in Indonesia: providing prompt service and helpful response occupies the "keep up the good work" quadrant.¹⁹ This shows that the speed of service is a competitive advantage of BMT NU Giliraja, especially in handling the urgent financial needs of its members.

Empathy and Friendly Officer Attitude

Observations show that the interaction between officers and members takes place in an atmosphere full of family. Officers greet in the local language, using terms such as "buk," "pak," and even "lek" or "nek" as a form of respect for senior members. In an interview, an elderly member said, "The officer patiently explained in Madurese, not in a hurry." This shows a personal approach and appreciation for local wisdom.

Questionnaire survey data (N = 50) showed that 85% of members agreed that officers serve with high empathy. Among respondents, 72% stated that they felt personally valued when interacting. These findings reinforce the importance of the empathy dimension

¹⁹ Sudarmawan Samidi & Iwan Kurniawan Subagja Dety Nurfadilah, "A Service Quality of Islamic Microfinance Institutions in Indonesia: An Importance Performance Analysis Approach," *Tazkia Islamic Finance and Business Review* 12 1 (2018).

in the SERVQUAL model as a key factor in the perception of quality services, especially in community-based institutions.

Transparency & Clarity of Information

From the SOP documentation and brochures, it was found that all information related to financing procedures, margins, tenors and late fines was clearly printed. The survey showed 90% of respondents stated "there are no hidden costs" and "what is promised at the beginning, it happens at the end". This is also reflected in the reliability aspect—the reliability and consistency of service information as promised in the CARTER model.²⁰ namely the reliability and consistency of service information in accordance with the initial promise. This is important to maintain member trust, especially in the context of sharia microfinance which is based on trust and transparency.

Service Innovation: Pick Up Deposit & Digital

BMT NU Giliraja shows adaptation to the needs of members through service innovation, although it is still limited. Around 35% of members take advantage of the deposit pick-up service, which is carried out by field officers to members' homes according to the agreed schedule. In addition, 40% of members also use financial information services through WhatsApp, such as balance checks, financing simulations, and maturity reminders.

Although it has not yet implemented full digital applications such as mobile banking, this approach signifies that BMT understands the characteristics of local communities that are largely unfamiliar with high technology. Digital inclusion is carried out in stages with a friendly and accessible approach, adjusting the level of digital literacy of the community.

The Effect of Service on Loyalty

Around 76% of members have taken out loans/refinancing in the last 6 months. 64% said they would recommend BMT to family or neighbours. In-depth interviews reveal that loyalty is born from warm interactions – lower in those who feel service is technically limited but not personal. Overall, empathy and responsiveness are key drivers of loyalty—not just physical facilities. These findings reinforce the theory that in local communities, social closeness and human service are more effective in creating attachment.

These findings show that the loyalty of BMT NU Giliraja members is not only influenced by the quality of service technically, but also strongly tied to the approach of social and spiritual values inherent in NU culture. Member loyalty is formed through affective and participatory relationships, where members feel part of the BMT "big family", not just as customers.

A service approach that places members as social and spiritual partners creates a sense of service that is more than just an economic transaction. For example, routine activities such as joint prayers before deliberations, polite religious greetings, and officers' attention to the condition of members' families strengthen BMT's institutional identity as

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part of the social life of the community. This is an element that is theoretically not much touched on in the conventional service approach.

As stated by several members in interviews, the feeling of "being taken care of by heart" and "not just chasing bills" is the main differentiator of BMT NU compared to other financial institutions. Loyalty arises from trust, respect, and emotional bonding that are built through consistent personal interaction. The SERVQUAL model does accommodate the dimensions of empathy and responsiveness, but the results of this study show the need to expand the framework to include elements of spirituality and local values as important components in the context of community-based BMT. This is where the theoretical contribution of this research becomes significant, which is to enrich the understanding of how service quality within the framework of cultural Islam operates and contributes to long-term loyalty.

Thus, member loyalty is not the result of one or two service experiences, but is an accumulation of social, spiritual, and emotional processes that take place on an ongoing basis. In the context of NU which upholds the values of togetherness, solemnity (service), and concern for the people, BMT services must be framed as part of social worship. This is a uniqueness as well as a competitive advantage that is difficult to imitate by other institutions that are not based on community values.

Strengthening NU Community Value-Based Loyalty

These findings show that the loyalty of BMT NU Giliraja members is not only influenced by the quality of service technically, but also strongly tied to the approach of social and spiritual values inherent in NU culture. Warm interactions, communication in the local language, and greetings such as "akhi" and "ukhti" are cultural elements that strengthen the emotional bond between members and officers. This can be seen from the results of interviews which show that members feel more comfortable and appreciated when dealing with officers who understand their cultural and religious backgrounds.

In addition, practices such as joint prayer before activities, giving light advice in religious nuances, to the presence of officers at important social moments in the village—such as condolences or religious celebrations—increase social closeness. BMT is not just a financial institution, but appears as part of the social and spiritual life of its members. This engagement strengthens loyalty not because of contractual obligations, but because of value-based loyalty.

This kind of community-based approach was not found strongly in previous studies that tended to focus on the technical aspects of services, especially in urban BMTs. Thus, this result makes a new contribution that cultural-based services and religious values can be BMT NU's competitive advantage in maintaining and increasing the loyalty of its members.

ANALYSIS/DISCUSSION

Operational Responsiveness & Efficiency Analysis

High responsiveness, reflected in fast decision-making processes and smooth service delivery, indicates the presence of an efficient and well-functioning internal system within the organization. This condition is consistent with previous studies which demonstrate a positive and significant relationship between responsiveness and sharia customer satisfaction, particularly during the pandemic period, where service speed and accuracy became critical determinants of trust and comfort among customers. Empirical evidence suggests that among various service quality dimensions, responsiveness has a strong influence on customer satisfaction in Islamic financial institutions, as it directly addresses customers' immediate needs and concerns in times of uncertainty.²¹

In this context, the internal systems of BMT NU Giliraja—such as service workflows, standard operating procedures (SOPs), and coordination across divisions—appear to operate effectively and in an integrated manner. Clear service flows enable staff to respond promptly to member requests, while well-implemented SOPs ensure consistency and compliance with sharia principles. Moreover, effective inter-departmental coordination supports faster problem resolution, particularly in financing-related matters. Collectively, these internal mechanisms contribute to higher perceived service quality, strengthen member confidence, and ultimately enhance overall satisfaction and loyalty.

Empathy Analysis & Cultural Approach

An empathy-based approach and local cultural values, such as the use of the Madurese language and kinship attitudes, strengthen the affective relationship between members and BMT. The *empathy* dimension in the SERVQUAL model is not only technically relevant, but it also creates an emotional space that builds long-term loyalty. Interaction that respects local culture is in line with the principle of *ukhuwah* in the tradition of Nahdlatul Ulama. This study found that members who felt empathetic service experienced *affective loyalty*, followed by *conative loyalty* (intention to survive), to *loyalty to actions* (recommendations and repeated transactions). It expands the understanding of the role of culture in the practice of Islamic financial services.

Information Transparency & Reliability: The Foundations of Trust

The success of BMT NU Giliraja in delivering information transparently—covering profit margins, administrative costs, and financing terms—has become a strong foundation for building members' trust. This transparency is reflected in the absence of hidden charges and in the consistency between the information provided at the initial stage and the actual service realization. Such practices clearly demonstrate the assurance and reliability dimensions of the CARTER model, where the institution is able to provide service certainty and consistently fulfill its commitments to members.²²

²¹ Az Zarqa', *The Impact of Islamic Service Quality, Complaint Handling, and Margins on Customer Satisfaction*, 2024.

²² Airlangga University Team, "The Influence of Service Quality on Customer Satisfaction in Islamic Rural Banks..." *Scientific Journal of Islamic Economics* 8 1 (2022).

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In the context of Islamic financial institutions, this aspect is particularly crucial because it goes beyond technical service quality and is closely linked to ethical and value-based considerations. Transparent information disclosure represents a commitment to the principles of justice, integrity, and Sharia compliance, which form the core foundation of Islamic financial practices. When members perceive that financing processes are conducted openly, fairly, and in accordance with Sharia principles, the resulting trust is not only rational but also moral and spiritual in nature. Consequently, consistent transparency at BMT NU Giliraja strengthens positive perceptions of service quality and contributes significantly to long-term member trust and loyalty.

Service Innovation: Adapting to Local Needs

Although digitalization within the institution has not yet been fully optimized, the introduction of practical innovations—such as deposit pick-up services and the use of WhatsApp-based communication—has significantly expanded access to financial services and reduced transaction barriers for members. These initiatives are particularly important in the context of microfinance institutions, where members often face time, mobility, and information constraints. By bringing services closer to members and enabling faster, more responsive communication, the institution is able to enhance convenience, strengthen engagement, and improve overall service experiences.²³

This pattern is consistent with findings from similar microfinance institutions in Central Java, which demonstrate that improvements in service quality, coupled with targeted financial education, contribute positively to customer acquisition and retention. Enhanced service responsiveness increases trust and satisfaction, while financial literacy initiatives empower members to better understand products, manage obligations, and make informed financial decisions. Together, these factors create a virtuous cycle in which better services not only attract new members but also strengthen long-term relationships, supporting sustainable growth and institutional resilience.

Comparison with Findings of Previous Studies

The findings of this study demonstrate a nuanced divergence from the research conducted by Hasanah (2021), which identified the tangible dimension, particularly physical facilities, as the primary determinant of member loyalty in urban sharia cooperatives. In the context of BMT NU Giliraja, however, tangible aspects occupy a relatively lower priority in shaping loyalty. Members place greater emphasis on the quality of human interaction, personal engagement, and the strength of social relationships rather than on the comfort or modernity of physical facilities.

This pattern reflects the distinctive socio-cultural characteristics of rural communities in Madura, where religious values, communal bonds, and social solidarity are deeply embedded in everyday economic practices. In such a setting, loyalty is not merely

²³ Yana Priyana et Al, "The Effect of Service Quality and Islamic Financial Education on Customer Growth and Risk Profile in Islamic Microfinance Institutions," *West Science Interdisciplinary Studies* 2 6 (2024): 23.

constructed through visible or material attributes of service delivery, but is predominantly influenced by empathy, mutual trust, and the moral integrity demonstrated by the institution and its staff. The presence of caring attitudes, personal attention, and religious alignment in service interactions fosters a sense of emotional attachment and moral obligation among members. Consequently, loyalty at BMT NU Giliraja emerges as a relational and value-based phenomenon, highlighting that in rural, faith-oriented communities, intangible dimensions of service quality may outweigh tangible factors in sustaining long-term member commitment.

Implications

Theoretical: This study extends the SERVQUAL and Oliver models into the context of religious community-based BMT NU, emphasizing the dimensions of empathy and responsiveness as the dominant factors of loyalty.

Practical: BMT NU Giliraja needs to maintain and improve soft skills training for officers, including the use of local language and value-based interpersonal communication. In addition, the expansion of service innovations—both in terms of digitalization and strengthening the deposit pick-up system—will increase the accessibility and reach of services, especially for elderly members and people with limited mobility.

Limitations & Challenges

This research has limitations because it is only conducted in one location, namely BMT NU Giliraja in Giligenting District. This limits the generalization of results to BMT contexts in other regions with different socio-economic characteristics. In addition, the observations do not include extreme conditions such as financial crises or major defaults that may affect members' perceptions. Members' participation in in-depth interviews is also limited and tends to be biased towards positive experiences. Follow-up research can expand the study area and use more diverse triangulation methods to strengthen the validity of findings.

Advanced Recommendations

Quantitative research in various BMTs NU to measure the relationship between service quality and loyalty in generalizable terms. Experimental tests of officer empathy training and digitization of services to see the effects on satisfaction and loyalty. A more in-depth evaluation of the operational efficiency and cost-benefits of innovations such as deposit pick-up.

CONCLUSION

This study examines the implementation of excellent service in increasing member loyalty at BMT NU Giliraja, using a descriptive qualitative approach with data collection techniques in the form of in-depth interviews, non-participatory observations, and internal documentation. The main findings show that member loyalty is not only influenced by technical factors of service, but is highly determined by the dimensions of responsiveness,

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empathy, transparency, and Islamic values that live in the interaction between officers and members.

Practically, BMT NU Giliraja shows that:

- a. The speed of service and accuracy of information build member trust.
- b. The empathic attitude of the officers increases the emotional closeness and attachment of the members.
- c. Transparency in the delivery of information creates a sense of security and fairness.
- d. Simple digital-based service innovations expand the range of services without compromising the personal touch.

These factors confirm that in the context of community Islamic financial institutions, service excellence is not only about modern service standards, but also reflects the values of ukhuwah, justice, and social responsibility. This study confirms that the implementation of excellent service based on Islamic values has a major impact on member loyalty in Islamic financial institutions. A humane, empathetic, and spiritual approach can create a strong relationship between members and institutions. This is an important lesson for the development of sharia service science and Islamic education in general. Islamic educational institutions and sharia economics are expected to use the results of this research as a reference in the development of curriculum, learning, and empowerment of Islamic human resources who are not only competent but also rahmatan lil 'alamin.

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