

Service Quality Development Strategy for Customers of Baitul Maal Wat Tamwil (BMT) Sahara Tulungagung

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ABSTRACT: *BMT Sahara is an Islamic financial institution whose operational target focuses on the small and medium enterprises (SMEs) sector. To increase BMT's market share, it is necessary to analyse what factors influence people's interest in becoming customers at BMT. One of the factors is the quality of service BMT Sahara provides to its customers. Good service must be accompanied by a qualified strategy to support the success of a BMT and maintain its image in the broader community. So the quality of service for customers needs to be improved. This is very important considering the very large role of customers in contributing revenue directly or indirectly to continue supporting BMT Sahara's existence.*

BMT Sahara ialah lembaga keuangan syariah yang target operasionalnya berfokus pada sektor Usaha Kecil Menengah (UKM). Untuk meningkatkan pangsa pasar BMT perlu menganalisa faktor- faktor apa saja yang mempengaruhi minat masyarakat untuk menjadi nasabah di BMT. Salah satu faktornya adalah kualitas pelayanan yang diberikan oleh BMT Sahara kepada nasabahnya. Pelayanan yang baik harus dibarengi dengan strategi yang mumpuni untuk menunjang keberhasilan suatu BMT untuk mempertahankan citra BMT di masyarakat luas. Sehingga pelayanan bermutu bagi nasabah perlu ditingkatkan. Hal tersebut sangat penting karena mengingat peranan nasabah yang sangat besar dalam kontribusi pendapatan secara langsung maupun secara tidak langsung untuk tetap mendukung eksistensi BMT Sahara.

Keywords: *Development Strategy, Service Quality, Baitul Maal Wat Tamwil (BMT).*

I. INTRODUCTION

Nowadays, financial institutions play an important part in the community's economic operations. Financial institutions play an essential role in the economy, particularly in the

financial sector. Sector amid the rise of small businesses owned by the community. Most financial institutions in Indonesia are traditional-based financial organisations that charge interest (usury) on all products (Jiang et al., 2023);(Gulyás & Kiss, 2023).

Sharia-based financial institutions arose in 1992, prohibiting using the notion of interest (usury) in their operations. Bank Muamalat Indonesia (BMI), an Islamic financial institution, was created on the initiative of MUI. BMI is founded on Sharia principles and operates on a profit-sharing basis. The formation of this Sharia financial organisation paved the way for MUI to construct other Sharia financial institutions, including Baitul Maal wat Tamwil (BMT).

In Indonesia, there are three types of Islamic banks: commercial banks, rural banks, and rural financial institutions. BMI is an Islamic commercial bank with a broad operating area that includes the entire Indonesian territory. BMI can open branches in a variety of locales. The Islamic Rural Bank (BPRS) is the second type of Islamic bank, and its existence is governed by Banking Law No. 10 of 1998. This bank's legal entity is a limited liability company (PT). Therefore, management is generally conducted professionally following Law No. 1 of 1995 regulating limited liability companies. The development of the number of PT BPRS in Indonesia is very promising.

Baitul Maal wat Tamwil (BMT) represents the third type of Islamic bank. BMT operates in a smaller geographical area than the preceding two Islamic financial institutions. The majority of BMTs operate in rural and peri-urban areas. Since its first appearance until now, the prospects owned by BMT have seen significant improvement throughout Indonesia. Baitul Maal primarily aims at non-profit organisations that collect and distribute funds through zakat, infaq, sadaqah, and waqf. Baitul Tamwil is a business that collects and distributes commercial profit funds to produce new added value and promote economic growth (Nazwar & Anwar, 2022).

Good expertise is required to garner consumer attention so the bank can continue developing (Khaer & Anwar, 2022). Customer trust will not be created if BMT does not make attempts to recruit new clients. Ones, particularly Muslim ones, will be less concerned about sin with the prohibition of usury. Customers can, however, come from various walks of life and desire to take advantage of the benefits of BMT. BMT may be trusted because it does not charge interest, which is very important for Muslim clients who want to avoid sin. Customers will, of course, feel more at ease and tranquil during transaction activities. It will also affect the growth of the BMT's client base (Alalwan et al., 2017);(Damberg, 2023).

Another factor that can impact consumer decisions to use Islamic bank services is the institution's service quality. If the service meets expectations, the quality is considered good and pleasant. If the service received exceeds the customer's expectations, the service quality is considered perfect. In contrast, the quality is deemed bad if the service received is less than expected. This study was conducted at a BMT, specifically BMT Sahara in Tulungagung.

Table 1. BMT Sahara Member Development Table 2020-2021

No	Year	Member	candidate	Total
1.	2020	4.122	117	4.239
2.	2021	4.137	120	4.257

According to the data above, the total number of members in 2020 was 4,122, with 117 potential members, and the total number of consumers in 2020 was 4,239 persons. Members in 2021 totalled 4,137, with 120 potential members, while the total number of consumers in 2021 was 4,257. As a result, the number of BMT Sahara Tulungagung clients grew from 2020 to 2021.

Customer satisfaction is proof of whether or not BMT's services are excellent. Of course, good service must be complemented by a qualified plan to support a BMT's success and to maintain the BMT's image in the larger community. As a result, customer service quality must be improved. This is critical given the importance of consumers in generating revenue, either directly or indirectly, for the continued survival of BMT. The most significant aspect is that BMT is a Sharia-compliant banking organisation. Its operations must unquestionably adhere to Sharia law.

II. METHOD

In this study, researchers adopted a qualitative approach based on the difficulties addressed and the study's aims. The goal is to investigate actual and measurable data, and the data gathered can take the shape of a response. Only empirical and measurable facts can be investigated using this qualitative method. It will be difficult to reveal facts that are not visible to the senses (Sutama, 2015). Data collecting and literature studies are sources of information for developing a model framework of the difficulties encountered by BMT Sahara Tulungagung. After preferential data and information about the problems to be studied are available, this problem framework can be completed. This data collection focuses on BMT administrators and specialists to get the data required for qualitative analysis in the analytical framework that will be employed. The data types employed in this study are primary data.

III. RESULT AND DISCUSSION

BMT stands for Baitul Maal wat Tamwil. This is made up of two terms: baitul maal and baitul tamwil. Baitul maal means money house in lughowi, and baitul tamwil means business house. Bait signifies dwelling, while Tamil (wealth development) comes from the word maal, which means treasure. As a result, baitul Tamil is regarded as a place to grow business or prosperity (Hamzah, 2021).

According to Amin Aziz, BMT is an "Integrated Independent Business Center based on the concept of baitul maal wat Tamil." In terms of baitul maal, BMT takes contributions from BAZIS from zakat funds, Infaq, and sadaqah and uses them to benefit local communities, faqir, and the underprivileged. "BMT develops productive businesses to increase the income of small entrepreneurs and members," according to Baitut Tamwil. According to Muhammad Ridwan, BMT is a business organisation that develops its business in the financial sector, such as savings and loans. Also, it plays a social role with functions and roles similar to amil zakat institutions (LAZ), such as efforts to collect infaq funds, sadaqah, waqf and other sources of social funds (Muttalib, 2019).

BMT is a financial institution with the concept of Baitul Maal wat Tamwil, meaning it has two primary core activities. The notion of Baitul maal states that BMT functions as a religious social institution that receives and distributes Zakat, Sadaqah, Infaq, and Waqaf funds to people who are entitled to them. While the concept of Baitul Tamwil, BMT serves as a business and financial institution that seeks profit (profit-oriented). So, BMT is a microfinance institution that operates on the profit-sharing principle (sharia), developing micro and small business enterprises to raise the degree and dignity of people experiencing poverty and defend their interests.

The main strategy is a broad plan of important actions to achieve the company's long-term objectives. The primary strategy is grouped into three broad categories: expansion, stability, and reduction. For worldwide efforts, a different main strategy can be created (Daft, 2010). Strategic management is a set of decisions and activities utilised in the development and execution of strategies that will result in a superior comparative fit between the company and its environment for organisational purposes. A strategy will make service development activities more coordinated and reduce failure. The strategy must also be well-prepared to achieve customer and prospective customer happiness.

Another aspect that can affect consumer decisions to use Islamic bank services, according to Ratmino, is the institution's service quality. If the service meets expectations, the quality is considered good and pleasant. If the service received exceeds the customer's expectations, the service quality is considered perfect. In contrast, the quality is deemed bad if the service received is less than expected (Ratmino & Winarsih, 2007).

Customer satisfaction is the most important factor for an Islamic bank providing banking services. Because customer satisfaction is important to maintaining the bank's image in the community, quality customer service must be improved. This is critical because consumers play a significant role in generating revenue, either directly or indirectly, to support the operation of Islamic banks (Taufik, 2020).

Service quality is a crucial indicator of financial institution success, particularly BMT. The level of service in Islamic banks and BMTs is practically the same because services are highly important for the image and loyalty of consumers in enterprises whose business activities are in the form of service so that customers feel content with the services offered. Similarly, even though the scale at BMT is smaller than that of Islamic banks, all Islamic banks and BMTs should give the best for their consumers.

Parasuraman et al. (1985) pioneered the conceptual model of service quality. This model has numerous elements, including dependability, responsiveness, competence, civility, trustworthiness, security, access, communication, and comprehension of customer service excellence. Later, Parasuraman et al. (1985) refined the prior paradigm and conceived service quality as servqual, a worldwide assessment or attitude toward service excellence. In Indonesia, this measurement scale is commonly used as a typical instrument for measuring service quality. Servqual has five dimensions: physical proof, dependability, responsiveness, assurance, and empathy.

Service Quality Development Strategy for Customers

There are some flaws in the BMT service growth plan that can stymie success:

1. Inadequate human resources, which usually connect with education and knowledge level. Because BMT is required to improve resources through formal or non-formal education, cooperation with educational institutions that are relevant to this must be considered, such as BMT cooperation with educational institutions or Islamic businesses.
2. A marketing strategy exclusively focused on the local area impacts BMT's insufficient efforts to disseminate BMT products outside of the neighbourhood in which the BMT is located. To develop BMT, efforts must be made to improve marketing tactics to introduce the existence of BMT in society.
3. BMT Lack of Socialization It must be recognised collectively that BMT socialisation needs to be more robust, resulting in individuals having incorrect perceptions regarding BMT. Some people have extremely aligned BMT, which is equivalent to the position of "moneylender-renter" in the market. This is an impediment to BMT's correct development.

Managers must work hard to explain BMT to prospective clients because the profit-sharing structure is still foreign to the majority of people. A lack of socialisation also affects the public's trust in BMT. They tend to avoid BMTs which are seen as minor financial organisations that are unable to convince them of their existence. This is common, especially for BMTs in urban regions crowded with traditional interest-based financial institutions.

Because of the lack of trust between BMT and its clients, the problems mentioned above may impact the development of service quality at BMT Sahara. Nonetheless, this can be addressed through a service quality development strategy in the following ways:

Excellent service

Consumer satisfaction levels are relative, particularly among BMT customers. This occurs because BMT customer service has no set standard. The level of service is determined by how each BMT treats its consumers. According to PINBUK (1999), customer happiness is determined by two elements. First, BMT services by reaching directly to consumers to receive customer deposits or obtain responsibilities from borrower customers. In other words, BMT goes out of its way to entice clients. Second, BMT offers consumers simple procedures as well as a successful profit-sharing arrangement.

1. Proactive in customer acquisition

One of BMT's distinguishing features is its managers' proactive approach to attracting consumers. BMT executives recognise that their market conditions are relatively constrained to certain places; therefore, using mass media or electronic ways to promote their products is less successful. Therefore does not rule out the possibility of BMT, it is also promoted through these media as part of the effort to make BMT more widely available. Pamphlets, brochures, booklets, and radio commercials are common promotional tools.

The "pick up the ball" strategy is the most effective method of attracting clients. Managers, particularly those in the marketing department, are actively seeking customers and surrounding the location of BMT. Managers approach prospective clients directly and try to persuade them of the benefits of saving in BMT, particularly the available profit-sharing structure.

2. Simple procedures and a fair profit-sharing scheme

Procedures are steps that must be completed to attain a goal. The same is true for traditional financial institutions in general. They have lengthy procedures with various requirements for prospective customers who want to become customers. This is especially true for clients who are borrowing money. In truth, banks are typically highly picky in selecting loans to be realised. Because of the difficulties in completing the convoluted procedures, middle to lower economic-class businesses are reluctant to borrow cash from commercial banks.

They frequently turn to blood lenders because there are no cumbersome formalities, even if they must pay a higher interest rate. BMT seizes this opportunity by exploiting the circumstances of people in the medium to lower economic classes who require capital loans for their businesses with simple procedures and no interest. Customers feel greatly helped when procedures are straightforward, quick, and easy to grasp. If mudharabah financing is observed, the system is applied to the profit and loss sharing system (profit and loss sharing) according to mutual agreement.

With this, the bank bears 100% of the financing funds proposed/proposed by the entrepreneur (the debtor) in the form of capital goods acquisition. If there is a profit to be shared. If there is a loss, BMT will withdraw the capital goods unless the loss is caused by the entrepreneur's carelessness or negligence, in which case BMT may take alternative remedies. In general, the consumer is not burdened by the loan. This is one of BMT's assets since the community prefers realism in financial problems, such as the ability to save or borrow money at a minimal cost.

3. Product Diversity

It is acknowledged that BMT's product portfolio is currently quite limited compared to commercial banks, which are extensively available in urban areas. Financing is extremely interesting here, as it finances agriculture, livestock, trade, services, transportation, and consumption, which other BMTs rarely give. This finance is generally intended to assist clients who wish to prosper, whether moveable or immovable. This product variety is what makes BMT more diverse and creative in its business operations. This is a good opportunity for a capital BMT to participate in developing the people's economy.

Strategic location

The location of a BMT is one aspect that the founders carefully consider. The BMT's location will influence the long-term commercial potential. Customers will opt for BMTs that are easily accessible. BMTs are typically positioned near community activity hubs like markets, mosques, Islamic boarding schools, village halls, etc. In terms of percentages, 70% of BMTs are located near marketplaces, 15% near residential areas, 9% near mosques, 2% near industrial regions, and 4% near other destinations such as retail malls and Islamic boarding schools. This shows that the traditional market is one of BMT's

crucial areas. Customers, who are usually small to medium merchants, are educated by BMT managers. The marketing department will enter markets that offer direct client services.

Significant societal concern

This social concern is frequently accomplished by arranging social activities such as the recital of customers and management once a month. They were providing educational scholarships to the customer's children and assisting people in need in improving their living level. Because of the optimisation of Baitul Maal, this function can execute smoothly. ZIS monies are collected from the community and distributed to individuals in need by BMT.

in need. Al Qardhul Hasan is one of the BMT financing sources from ZIS funds with a high socioeconomic function. Al Qardhul Hasan is funding supplied solely based on social obligation. The borrower is not required to return anything other than the borrowed capital in this financing. Customers are attracted to BMT because of its social concern through ZIS funds. Customers who save money are glad to be able to help others in need and receive halal profit-sharing benefits.

The findings of this study contribute significantly to Baitul Mall wat Tamwil (BMT) Sahara focusing on enhancing the quality of its services to achieve customer happiness. Because client happiness, in the form of loyalty, is critical to the long-term viability of a BMT. So it is appropriate for BMT to plan strategies to maintain its image so that it can continue to make customers loyal to become its customers and prospective customers confident in joining BMT Sahara to become its customers.

IV. CONCLUSION

Factors that may impact the development of service quality at BMT Sahara due to a lack of stability between BMT and clients. Nonetheless, this can be addressed with a service quality development strategy that includes good service, strategic location, and high social care. Customers are drawn to BMT because of its social care provided through ZIS money. Customers who save money are glad to be able to help others in need and receive halal profit-sharing benefits.

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