

THE IMPACT AND INFLUENCE OF THE IMPLEMENTATION OF EXCELLENT SERVICE ON THE LEVEL OF CUSTOMER SATISFACTION AND LOYALTY IN SERVICES AT ISLAMIC BANKS BASED ON AN ISLAMIC PERSPECTIVE

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Abstract: This study aims to analyze the influence of the application of service excellence on the level of customer satisfaction and loyalty in Islamic bank services based on an Islamic perspective. The method used in this study is a qualitative method with a descriptive approach. The data was collected through in-depth interviews with Islamic bank customers and bank management, as well as a review of literature relevant to the principles of service in Islam. The results of the study show that the application of service excellence in accordance with Islamic principles, such as honesty (shiddiq), trust, responsibility, and friendly service, contributes significantly to increasing customer satisfaction and loyalty. These principles reflect values that are in accordance with Islamic teachings in providing the best service to customers. In addition, high customer satisfaction tends to encourage strong loyalty, which is reflected in the sustainability of relationships with banks and positive recommendations to other parties. The implications of this study show that Islamic banks need to continue to strengthen the implementation of services based on Islamic values in order to maintain and increase customer trust and loyalty in a sustainable manner.

Keywords: Excellent Service, Customer Satisfaction, Loyalty, Islamic Bank, Islamic Perspective

INTRODUCTION

According to (Kotler, 2007) "service is any action or performance that one party can offer to another, which is essentially intangible and does not result in the ownership of something. Its production may or may not be related to physical products", so basically services are all economic activities whose results are not products in physical form or construction, which are usually consumed at the same time as the time they are produced and provide added value (such as comfort, entertainment, pleasure or health) or the solution to problems faced by consumers. Service marketing is not the same as product marketing.

Service marketing is more intangible and immaterial because the product is invisible and cannot be touched, service products are carried out when the customer is facing the officer so that the quality supervision is carried out immediately, the interaction between the customer and the officer is important to realize the product that is formed. Increasingly fierce business competition makes companies must be able to provide the best service to customers so that they can provide satisfaction to customers.

Creating high customer satisfaction and loyalty requires the implementation of good service. Excellent service is concern for customers by providing the best service to facilitate the

fulfillment of needs and realize their satisfaction so that they are always loyal to the organization or company (Barata, 2003).

Companies that cannot satisfy their customers will face complicated problems, because in general, if customers are dissatisfied with the products or services provided by a company, they will convey it to others, that way the company will get a considerable loss. Therefore, every company must be able to apply all its ideas and abilities in managing the company to be able to satisfy its customers, because with the fulfillment of customer needs in accordance with expectations, it will be followed by a positive image in the eyes of customers.

Customer satisfaction is a company's responsibility, but it makes customers want to come back after using a product. In addition, the company must also be able to make customers use these products/services continuously and for a long period of time, so that these customers can be said to be loyal. Customer loyalty is a customer's commitment to a brand, store or supplier based on a very positive trait in a long-term purchase (Tjiptono, 2014), which means that brand loyalty is obtained due to a combination of satisfaction and complaints.

Services provided with a focus on user satisfaction are often referred to as excellent service or excellent service. The essence of excellent service is an effort to provide the best service for customers that is oriented towards the interests of customers/users so that we are able to provide optimal satisfaction. This effort to provide the best service can be realized if we can highlight our abilities, attitudes, appearance, attention, actions and responsibilities in a good and coordinated manner. Service excellent is two words derived from the English words service and excellent. Service means service, service, duty and excellent means superior, excellent, very good, thus in this perspective perfect service is one of the important selling points for a service industry. According to (Kartajaya, 2006) Service is a value that must be given continuously to customers. Where Value is the consumer's estimate of the total ability of a product to meet its needs.

(Mosahab *et al.*, 2010) which found a positive relationship between service quality and customer loyalty directly. If the service quality process occurs repeatedly, continuously and is nurtured continuously, it will provide satisfaction to customers as expected. Customer satisfaction is one type of response (cognitive or emotional). For this reason, more efforts are needed where the company looks further ahead, not only providing satisfaction to customers but also creating customers to be loyal to the company. Similar things are supported in (Siddiqi, 2011) research; (Osman dan Sentosa, 2013).

(Ria Octavia, 2019) found that there is a positive relationship between customer satisfaction and customer loyalty. One of the reasons customers switch *brands* is dissatisfaction. They feel the alternatives only make it worse unlike the *brand* they use. This is supported by research by (Siddiqi, 2011) and (Osman dan Sentosa, 2013) who found that there is a positive correlation between customer satisfaction and subscriber loyalty, so managers must pay more attention to improving customer satisfaction. A number of studies in the service sector have also empirically linked satisfaction and behaviors such as staying with the same service provider and being willing to make *word-of-mouth recommendations* because customer satisfaction leads customers to become loyal.

The standard of assessment of excellent service, in Islamic banking with conventional banks, also needs to be retraced related to the results achieved. Islamic banking must have different parameters and indicators, because the system and philosophy of Islamic banking are different from conventional banking (Hana, 2018). The value contained in the Qur'an and hadith is the concept of Islamic banking in implementing excellent service.

LITERATURE REVIEW

Service Quality (Excellent Service)

(Tjiptono, 1996) "service quality has a close relationship with customer satisfaction. Quality provides something with customer satisfaction. Quality gives an impetus to customers to establish a strong relationship with the company".

According to Parasuraman and colleagues, in (Tjiptono, 2005) proposed five main dimensions used in assessing the quality of service in service companies, including:

- a. Physical evidence (*tangibles*), regarding the attractiveness of physical facilities, equipment and materials used by the company, and the appearance of employees.
- b. Reliability relates to the company's ability to provide accurate services from the first time without making any mistakes and deliver its services within the agreed time.
- c. Responsiveness, with regard to the willingness and ability of employees to help customers and respond to their requests, as well as inform when they will be provided and then provide services quickly.
- d. Assurance, namely the behavior of employees is able to foster customer trust in the company and the company can create a sense of security for its customers. Assurance also means that employees are always courteous and have the knowledge and skills needed to deal with any customer questions or concerns.
- e. Empathy means that the company understands the problems of its customers and acts in the interests of the customer, as well as gives personal attention to the customers and has comfortable operating hours.

Customer Satisfaction

(Tjiptono, 1996) revealed that customer satisfaction is a post-purchase evaluation where the alternative chosen at least gives results (*outcome*) equal to or exceed customer expectations, while dissatisfaction arises when the results obtained do not meet customer expectations.

Furthermore, according to (Kotler, 2002), customer satisfaction is a feeling of happiness or disappointment that comes from a comparison of his impression of the performance (results) of a product and expectations. The definition of customer satisfaction according to Oliver in (Suprpto, 1980) is the level of a person's feelings after comparing the company's performance with expectations.

According to (Tjiptono, 1996), the creation of satisfaction can provide several benefits, including the relationship between the company and customers becomes harmonious, provides a basis for repurchase and creates customer loyalty and word-of-mouth recommendations that benefit the company.

According to (Kotler, et al., 2002), (Tjiptono, 1996: 34), there are four methods used to measure customer satisfaction levels, including 1) complaint and suggestion systems, 2) *ghost shopping*, 3) *Lost customer analysis*, 4) customer satisfaction surveys.

Customer Loyalty

(Oliver, 1996) in (Hurriyati, 2015) reveals the definition of Customer Loyalty as a deep-lasting commitment of customers to resubscribe or re-purchase selected products/services consistently in the future, even though the influence of the situation and marketing efforts have the potential to cause behavior changes.

(Kertajaya, 2005) defines loyalty as the behavior of consumers who make repeat purchases, refer products or services used to others (*revere*) and are immune to the temptation of other products (*immune*).

(Tjiptono, 1996) proposed six indicators that can be used to measure concept loyalty, namely 1) Repurchase; 2) the habit of consuming the brand; 3) always like the brand; 4) still choose the brand; 5) confident that the brand is the best; 6) recommend the brand to others.

Banks as a company engaged in services with consumers known as customers, in terms of consumer loyalty, what is meant is customer loyalty. One of the characteristics of consumer loyalty is repeated purchases, so in banking it is repeated *savings*.

METHOD

This study uses a descriptive qualitative approach that aims to analyze the impact and influence of the implementation of service excellence on the level of customer satisfaction and loyalty in banking services. The subjects of the study included customers and service officers at several banking institutions selected by purposive sampling. Data was collected through in-depth interviews, direct observation, and documentation, then analyzed using thematic analysis methods with a process of data reduction, categorization, and in-depth interpretation. To ensure the validity of the data, a triangulation technique is used by comparing the results of various data collection methods. This study also pays attention to ethical principles by maintaining the confidentiality of respondents' identities and obtaining consent before data collection.

RESULT AND DISCUSSION

The Role of Excellent Service

Good service has an important role for companies, the results of this study are consistent with the research conducted (Putri, 2019) which states that the role of excellent service has a significant effect on positive assessments or a good image for a company. Customer satisfaction is a company's responsibility, but it makes customers want to come back after using a product. In addition, the company must also be able to make customers use the product/service continuously and for a long period of time, so that the customer can be said to be loyal. Customer loyalty is a customer's commitment to a brand, store or supplier based on a very positive trait in a long-term purchase (Tjiptono, 2000), which means that loyalty to the brand is obtained due to a combination of satisfaction and complaints.

Excellent Service is the best service in meeting customer expectations and needs. In other words, excellent service is a service that meets quality standards. A service that meets quality standards is a service that is in accordance with the expectations and satisfaction of customers of the community (Majid, 2009).

Excellent service starts from the efforts of business people to provide the best service as a form of the company's concern for customers/consumers. In simple terms, excellent service is the best service in meeting customer expectations and needs. In other words, excellent service is a service that meets the quality that has been determined by (Rangkuti, 2017).

The Relationship of Excellent Service to Customer Satisfaction

Customer satisfaction is the customer's response to the perceived mismatch between expectations and needs with the product they perceive after using it. While (Kotler, 2009) Customer satisfaction is the level of a person's feelings after comparing the product and the performance he feels with his needs and expectations. Why customers must be satisfied are: (1) Customers continue to do business with the company (2) They become loyal customers to the company (3) The company still has a good market (4) Customers become the main partners in developing their business (5) The company can win market competition (6) The company can compete in the business world in the current era of globalization. Kotler, (2009), generally defines satisfaction as a person's feelings of pleasure or disappointment that arise because they compare the perceived performance of a product (or result) against their expectations. Satisfaction is a person's feeling of joy or disappointment that arises after comparing the performance (results) of the thought product against the expected performance (results) (Kotler, 2009).

Indicators of satisfaction include: (1) Satisfaction with employee performance (2) Satisfaction with physical facilities (3) Convenience (4) Feeling satisfied using services. (Supriyanto, 2019) defines satisfaction as customer response, which is an assessment of the

features of a product or service, even the product or service itself, which provides a level of pleasure in consumption related to the fulfillment of needs.

Handini Khaerunnisa (2014) in her research entitled *The Influence of Excellent Service on Customer Satisfaction*, stated that there is a direct influence of Service Excellence on Customer Satisfaction or in other words, if Service Excellence increases, it will increase customer satisfaction. Meanwhile, the research conducted by (Eka Purwanda et al., 2017). *The Effect of Excellent Service on the Satisfaction of Work Units within the Scope of the Bandung State Treasury Service Office I* indicates that all variables of excellent service have a positive effect on satisfaction.

The higher the service quality of Bank Index, the higher the satisfaction received by customers. Based on the results of service quality research, the strategy that has been carried out by Bank Index in creating customer satisfaction that gets the most yes answers is *responsiveness*, especially employee motivation in helping customers. This is done by employees through the implementation of *standard service excellence* from the bank by welcoming customers by opening the door and asking about the needs needed by customers carried out by *security*. In handling customer complaints, banks have a deadline for resolving customer complaints, which is a maximum of 3 working days (Ria Octavia, 2019).

Excellent Service Relationship to Customer Loyalty

(Tjiptono, F., 2014). Customer loyalty is often associated with repeat purchase behavior. Customer loyalty literature is dominated by several main streams including: stochastic (behavioral), deterministic (attitude), and integrative (integrative). (Hurriyati, 2005) states that customer loyalty has an important role in a company, retaining them means improving financial performance and maintaining the survival of the company, this is the main reason for a company to attract and retain customers.

Efforts to make loyal customers cannot be done directly, but through several stages, starting from finding potential customers to acquiring partners. Understanding customer loyalty is actually not only seen from the transaction or repeat customer. There are several dimensions or characteristics of a customer that can be considered loyal. (Hurriyati, 2005) among others: 1) Customers who make regular repeat purchases 2) Customers who buy for other products/services in the same place (purchases across product and services line). 3) Customers who refer to others (refers other). 4) Customers who cannot be influenced by competitors to move (demonstrates an immunity to be the full of the competition).

Customer Loyalty can be defined as a commitment that is strongly held to buy or subscribe to a certain product or service again in the future despite the influence of the situation and marketing efforts that have the potential to cause behavior changes (Kotler, 2009). Loyalty indicators include: (1) Repeat transactions (2) Recommending to others (3) Using additional services (4) Not affected by competitor offers. The form of customer loyalty consists of two groups, namely brand loyalty and store loyalty. Brand loyalty can be defined as a liking attitude towards a brand that is represented in consistent purchases of that brand over time. Putting forward four things that show the tendency of consumers who are loyal to the brand as follows: (1) Consumers who are loyal to the brand tend to be more confident in their choices. (2) Loyal consumers are more likely to feel a higher level of risk in their purchases. (3) Consumers who are loyal to the brand are also more likely to be loyal to the store. (4) Minority consumer groups tend to be more loyal to brands. Loyal consumers are an important asset for a company, this can be seen from the characteristics it has, as expressed (Ria Octavia, 20019) loyal consumers have the following characteristics: (1) make regular purchases (2) buy outside the product or service line (3) refer to others (4) show immunity from the attractiveness of similar products from competitors.

Meanwhile, (Garda Parwitasari, 2016) in a study entitled *The Influence of Excellent Service, Trust, and Customer Satisfaction on Customer Loyalty (Study on Savings Customers of PT Bank Rakyat Indonesia (Persero) Tbk Purworejo Branch Office)* The results showed that excellent service, trust and satisfaction have a positive and significant effect on loyalty both partially and simultaneously. Meanwhile (Faizal Hamzah, Oda I. B. Hariyanto, 2015) in his research entitled *The Influence of Excellent Service on the Loyalty of Guests Staying at Sumber Alam Resort Garut*. It was found that excellent service through the dimensions used is attitude, attention and action have an influence on guest loyalty. (Ni Putu Sawitri, At All., 2013) *The Effect of Service Quality on Customer Satisfaction and Loyalty of Tegal Sari Accommodation in Ubud*.

The results of the study showed that service quality had a significant effect on satisfaction, satisfaction had a significant effect on loyalty, and service quality had a significant effect on customer loyalty of Tegal Sari Accommodation Ubud. Research conducted by Dwi Kartikasari and Dea Ariesta Syafitri with the title *The Effectiveness of Excellent Service (Service Excellence) on Customer Satisfaction which Has an Impact on Customer Loyalty at Dewi Farma Drug Store* stated that excellent service (service excellence) has a significant effect on customer satisfaction variables; and the variable of service excellence has a significant effect on customer loyalty; and the variable of excellent service on customer satisfaction which has an impact on customer loyalty has an insignificant effect.

Research (Hardian Dwi Utomo et al., 2015) *The Role of Satisfaction in Mediating the Influence of Service Excellence Implementation on Customer Loyalty of PT. Bank Mandiri, Tbk Banyuwangi City*, showed that all excellent service variables have an effect on customer loyalty. Research conducted by Dwi Kartikasari and Dea Ariesta Syafitri with the title *The Effectiveness of Service Excellence on Customer Satisfaction which Has an Impact on Customer Loyalty at the Dewi Farma Drug Store* with the results that service excellence has a direct effect on customer loyalty without the need for intermediary variables of customer satisfaction.

Services in Sharia Banks Based on Islamic Perspective

Services in banking are very important, because the banking business is closely related to customers. Customers are the main source of business continuity, so the relationship between banks and customers must be well established. In establishing relationships with customers, there are three basic service concepts that need to be considered by Islamic banks, namely sincerity, service compatibility with sharia, and trying to serve with the best service. (M. Zainul Wathani dan Afiati Kurniasih, 2015)

Islamic banks have currently tried to ensure the halalness of banking products by establishing a Sharia Supervisory Board. The Sharia Supervisory Board will check and guarantee the halalness of products by considering the fatwa that has been issued by the National Sharia Council (DSN) MUI. There are several sharia principles of service that must be considered by Islamic banks, namely (Mukinim, 2011):

1. The principle of equality (Al-Musawah) is not to differentiate service to customers (QS: Al-Hujarat (26) 13).
2. The principle of brotherhood (Ukhuwah), namely the solution of problems, must be solved by the principle of kinship (QS: Al-Hujarat (26) 10).
3. The principle of love (Muhabbah); This form of principle in service, for example, does not blame each other when there is a complaint from the customer. (QS: Al-Balad (30) 177).
4. The principle of peace (Silm) for example resolving problems by non-litigation means such as the National Sharia Arbitration Board (Basyarnas) (QS: Al-Anfal (11) 61).
5. The principle of help-help (At-ta'awun) is to help the customer's distress (QS: Al-Maidah (6) 1).

CONCLUSION

Based on the results of the research conducted, it can be concluded that the application of service excellence based on Islamic principles has a significant influence on the level of customer satisfaction and loyalty in Islamic bank services. Principles such as honesty (shiddiq), trust, responsibility, and friendly service reflect Islamic values that encourage the creation of quality services and worship values. Customer satisfaction resulting from optimal service not only increases trust, but also encourages loyalty which is characterized by long-term relationships and positive recommendations to others. Thus, Islamic banks are expected to continue to strengthen the implementation of services in accordance with Islamic principles, prioritizing professionalism while still upholding spiritual values. This is important for building sustainable trust, expanding market share, and creating a competitive advantage in the Islamic banking industry.

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