

# The Influence of Covid-19, Service Quality Strategies and Financing Products on Customer Satisfaction at Baitul Maal Wat Tamwil Insan Mulia Palembang South Sumatra Indonesia

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**Abstract.** The abstract needs to analyze the impact of Covid-19, the quality of products and services on the customer satisfaction level of Baitul Maal Wat Tamwil Insan Mulia Palembang, South Sumatra, Indonesia using a survey questionnaire. This study explores three variables, namely COVID 19, product, and service quality in customer satisfaction levels. Research data processing in the form of panel data is carried out within 6 (six) months. The results showed that the variable covid 19, product quality, and consumer services had a significant effect on customer satisfaction by using a sample of 63 people from a population of 1119 people. The difference shows that service quality has a more impact on customer satisfaction and Covid 19 has the smallest effect on the satisfaction level

**Keywords:** Covid 19, Service Quality, Product Quality, Customer Satisfaction Level

## 1 Introduction

The financial institution is any company engaged in finance, raising funds, channeling funds, or both. Financial institutions consist of bank financial institutions and non-bank financial institutions. In terms of how to determine prices, banks in Indonesia are divided into two groups, namely banks based on conventional principles and banks based on sharia principles [1]. Similar to banks, there are non-bank financial institutions that have their operational systems using Islamic sharia, only their products and management are slightly different from the banking industry. These institutions include Sharia Insurance, Sharia Pawnshops, Sharia Mutual Funds, and *Baitul Maal Wat Tamwil* (BMT).

The increase in community needs caused by the times has resulted in an increasing need for cash, both for productive and consumptive activities. This is often a problem in people's lives because the income earned is not proportional to the expenses to make ends meet.

*Baitul Maal Wat Tamwil* (BMT) has a strategy to be able to deal with Islamic banking and other institutions that are also targeting financing for the micro, small and medium enterprises (UMKM) sector. *Baitul Maal Wat Tamwil* (BMT) makes adjustments to the different needs of the micro-community or UMKM in each field. Party *Baitul Maal Wat*

*Tamwil* (BMT) also conducted an intense emotional interaction of the borrower (the debtor). This means that the relationship is not only financial. Party *Baitul Maal Wat Tamwil* (BMT) continues to establish communication and asks the issues facing the debtor, whether it is the issue of the family, to the education of children. This is also one of the triggers of public interest in making transactions or becoming customers at *Baitul Maal Wat Tamwil* (BMT).

*Baitul Maal Wat Tamwil* always innovates in providing services to customers by opening branches or outlets with increasingly optimal services. One of the *Baitul Maal Wat Tamwil* that is quite close to the people of Palembang is the *Baitul Maal Wat Tamwil* (BMT) Insan Mulia Palembang. Evidenced by the 6 (six) *Baitul Maal Wat Tamwil* (BMT) in the city of Palembang, *Baitul Maal Wat Tamwil* (BMT) Insan Mulia already has quite a several customers, namely based on data obtained from 2015 to March 2020, The number of customers for fund distribution (financing) products has reached 1,119 customers. Until now, *Baitul Maal Wat Tamwil* (BMT) Insan Mulia also has 3 service offices, namely the Head Office Jl. Inspector marzuki, Yada Market Service Office, and Palembang Perumnas Market Service Office.

The fairly good growth of *Baitul Maal Wat Tamwil* (BMT) Insan Mulia is also accompanied by the emergence of competitors, including from cooperatives and online loan sites. Some of these competing agencies are quite aggressive in offering attractive products with fairly easy requirements. To overcome this, *Baitul Maal Wat Tamwil* (BMT) Insan Mulia must develop a strategy so as not to lose to these competitors. *Baitul Maal Wat Tamwil* (BMT) Insan Mulia must be able to maintain public trust and increase customer loyalty. In achieving loyalty, one must first reach the level of customer satisfaction. Customer or customer satisfaction can be defined as the similarity between the performance of the product and service received with the product and service performance expected by the consumer or customer [3].

Factors that can affect consumer satisfaction include product quality, service quality, price, emotionality, and cost. Among these factors, the most prominent and related to *Baitul Maal Wat Tamwil* (BMT) are service quality factors and product quality. This is because BMT is a microfinance institution that provides financial services to the public, which are closely related to services as a form of social activity, and products as a means of achieving predetermined business targets [4].

According to Philip Kotler, service is any activity or benefit that a party can provide to another party which is intangible and does not result in ownership of something and its production may or may not be associated with a physical product [5]. Good quality service, also supported by the sincerity and sincerity of employees. This is certainly able to generate feelings of pleasure and generate satisfaction for customers in a financial institution or other service provider institutions.

In addition to the need to prepare a strategy so as not to lose to competitors, currently, various economic sectors are being hit by problems due to the Covid-19 pandemic or the coronavirus that occurred in 2020. The economy suddenly collapsed in an instant as the coronavirus spread around the world. Coronavirus or coronavirus is a large family of viruses that cause mild to moderate upper respiratory tract infections, such as flu. Many people are infected with this virus, at least once in their life. [6]

Since the WHO (World Health Organization) announced that Covid-19 is a world pandemic, consumer behavior in various business sectors has changed. Consumers become very careful about consuming and try to protect themselves and their families to survive in this situation. Including customers in various financial institutions, of course, also experience an

impact on their financial transactions. So, this needs to be studied more deeply so that *Baitul Maal Wat Tamwil* (BMT) Insan Mulia Palembang can remain optimal in providing products and services to its customers so that they can still achieve customer satisfaction.

## 2 Literature Review

### 2.1 Definition of Baitul Maal Wa Tamwil (BMT)

The term *Baitul Maal wat Tamwil* (BMT) comes from two words, namely *baitul maal* and *baitul tamwil*. The term *baitul maal* comes from the words *bait* and *al maal*. *Bait* means building or house, while *al maal* is property or wealth. So, *baitul maal* can be interpreted as a treasury (general or state). Meanwhile, in terms of fiqh, *baitul maal* is an institution or agency that is tasked with taking care of State assets, especially finance, both about income and management issues as well as those related to expenditure issues and others. [7]

While *baitul tamwil*, literally *temple* is home and *at-Tamwil* is property development. So, *baitul tamwil* is an institution that carries out activities for the development of productive businesses and investments in improving the welfare of micro-entrepreneurs through financing and saving (investing) activities. [8]

*Baitul Maal wat Tamwil* is an institution that supports the improvement of the quality of economic enterprises, micro and small entrepreneurs based on the syari'ah system [9].

#### 2.1.1 BMT function

As for the functions of BMT are as follows:

- a. Identify, mobilize, organize, encourage and develop economic potential and capabilities members, business group members of the muamalat (Pokusma) and it works
- b. Enhancing the quality of HR members and Pokusma become more professional and Islamic so that it is more complete and tough to face global challenges
- c. Raising and organizing the potential of the community to improve the welfare of members

#### 2.1.2 Covid19

- a. The impact of Covid-19 on employee performance; According to Magnus Soderlund, the impact of the Covid 19 pandemic has resulted in a low level of employee friendliness, and the emergence of a level of avoidance towards direct interactions between employees and other parties. In the same article, it is stated that the low level of employee friendliness is due to the assumption of protecting oneself from other dangerous diseases [10].
- b. Impact of Covid-19 for *Baitul Maal Wat Tamwil* Insan Mulia Palembang; BMT grows and is developed by the community as a da'wah movement in the economic field. Besides functioning as financial intermediation, BMT is also a social intermediary or the role of empowerment in the ultra-micro segment. Since the official announcement of the Covid-19 pandemic, several impacts have been felt, as expressed by BMT administrators and customers [11]. This impact can be used as an indicator in measuring the effect of Covid-19 on customer satisfaction. These impacts include: Installment Relief, Savings Withdrawal, Reduced Income, Health Protocols

### 3. Methods

The population is the source of the data as a whole [35]. The population in this study were 1119 customers of financing products at BMT Insan Mulia Palembang. In this study, this sampling by anyone BMT Insan Mulia Palembang customers who coincidentally met with investigators at the study site and can be used as a sample when seen people who encountered is suitable as a source data. As for the method sampling to determine the number of samples in this research is done by using the rumus, Slovin.

### 4. Results and Discussion

#### 4.1 Respondent Characteristics

The number of male respondents was 29 people and the number of female respondents was 63 people. This shows that most of the customers at *Baitul Maal Wat Tamwil* Insan Mulia Palembang who were respondents in this study were female. Hypothesis testing T-test or partial T-test is used to see the significance of the independent variable affecting the dependent variable which is done partially or individually. The significance test of t in the results of statistical calculations is indicated by  $t_{count}$ . In detail, the results of  $t_{count}$  are described in the following table:

**Table 1.** T-test results or partial coefficients <sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	1,051	4,986			.211	.834
Covid_19	.174	.079	.181		2,213	.030
Service quality	.491	.082	.488		6,002	.000
Product quality	.311	.078	.330		3,987	.000

a. Dependent Variable: Customer Satisfaction

Source: Primary data processed, 2020

The amount of the  $t_{table}$  number with the provisions  $sig = 0.05$  and  $df = (nk) \text{ or } (92 - 3) = 89$ , so that the  $t_{table}$  value is 1.662. Based on table 1.1 above, it can be seen that the effect of each variable is as follows:

1. Variable Covid-19 Against Customer Satisfaction

From the *coefficients* table, it is obtained that the value of  $t_{count} = 2.213$ , which means  $t_{count} > t_{table}$  ( $2.213 > 1.662$ ) with a significance of  $0.030 < 0.05$ , which means that partially Covid-19 has a significant effect on customer satisfaction. So, it can be concluded that  $H_0$  is rejected and  $H_1$  is accepted, which means that Covid-19 has a positive and significant effect on customer satisfaction at *Baitul Maal Wat Tamwil* Insan Mulia Palembang. Thus, hypothesis 1 is proven.

2. Variable Quality of Service to Customer Satisfaction

From the *coefficients* table, it is obtained the value of  $t_{count} = 6.002$ , which means  $t_{count} > t_{table}$  ( $6.002 > 1.662$ ) with a significance of  $0.000 < 0.05$ , which means that partially service quality has a significant effect on customer satisfaction. So, it can be concluded that  $H_0$

is rejected and  $H_2$  is accepted, which means that service quality has a positive and significant effect on customer satisfaction at *Baitul Maal Wat Tamwil* Insan Mulia Palembang. Thus, hypothesis 2 is proven.

### 3. Variable Product Quality Against Customer Satisfaction

From the *coefficients* table, the value of  $t_{count} = 3.987$ , which means  $t_{count} > t_{table}$  ( $3.987 > 1.662$ ) with a significance of  $0.000 < 0.05$ , which means that partially the product quality has a significant effect on customer satisfaction. So, it can be concluded that  $H_0$  is rejected and  $H_3$  is accepted, which means that product quality has a positive and significant effect on customer satisfaction at *Baitul Maal Wat Tamwil* Insan Mulia Palembang. Thus, hypothesis 3 is proven.

## 4.2 F Test or Simultaneous

The F test is carried out to know how far the independent or independent variables together can influence the dependent or dependent variable.

**Table 2.** F Test Results or Simultaneous <sup>a</sup> ANOVA <sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	102,466	3	34,155	23,530	.000 <sup>a</sup>
	Residual	127,740	88	1,452		
	Total	230,207	91			
a. Predictors: (Constant), Product_Quality,y				Service Quality,		Covid 19

b. Dependent Variable: Customer Satisfaction

Source: Primary data processed, 2020

The amount of the  $F_{table}$  number with the provisions  $sig = 0.05$  and  $df = (92-3) = 89$ , so that the  $F_{table}$  value is 2.71. Based on table 2.1 above, it is known that the  $F_{count}$  shows a value of 23.530 greater than 2.71 with a probability level of 0.000 which is smaller than alpha 0.05. This shows that together the independent variables of Covid-19, service quality, and product quality have a significant effect on customer satisfaction. So, it can be concluded that  $H_0$  is rejected and  $H_4$  is accepted, which means that Covid-19, service quality, and product quality together have a significant effect on customer satisfaction. Thus, hypothesis 4 is proven.

Based on the results of the analysis that has been carried out, the overall discussion of the results of this study is as follows:

## 4.3 The Influence of Covid-19 on Customer Satisfaction at *Baitul Maal Wat Tamwil* Insan Mulia Palembang

Hypothesis 1 in this study states that Covid-19 has a positive and significant effect on customer satisfaction at *Baitul Maal Wat Tamwil* Insan Mulia Palembang. Based on the test results, it is known that Covid-19 has a positive and significant effect on customer satisfaction. It can be seen from the value  $t_{count} = 2,213$ , which means  $t_{count} > t_{table}$  ( $2,213 > 1,662$ ) with significance  $0.030 < 0.05$ . This means that the increase in covid-19 will be followed by a significant increase in customer satisfaction. So, Hypothesis 1 is accepted.

#### **4.4 The Influence of Service Quality Strategies on Customer Satisfaction at *Baitul Maal Wat Tamwil* Insan Mulia Palembang**

Hypothesis 2 in this study states that service quality strategies have a significant positive effect on customer satisfaction at *Baitul Maal Wat Tamwil* Insan Mulia Palembang. Based on the test results, it is known that service quality has a significant positive effect on customer satisfaction. This can be seen from the value of  $t_{\text{count}} = 6.002$ , which means  $t_{\text{count}} > t_{\text{table}}$  ( $6.002 > 1.662$ ) with a significance of  $0.000 < 0.05$ . This means that an increase in service quality will be followed by a significant increase in customer satisfaction. So, Hypothesis 2 is accepted.

#### **4.5 Effect of Financing Product Quality on Customer Satisfaction at *Baitul Maal Wat Tamwil* Insan Mulia Palembang**

Hypothesis 3 in this study states that the quality of the financing product has a significant positive effect on customer satisfaction at *Baitul Maal Wat Tamwil* Insan Mulia Palembang. Based on the test results, it is known that product quality has a significant positive effect on customer satisfaction. It can be seen from the value  $t_{\text{count}} = 3.987$ , which means  $t_{\text{count}} > t_{\text{table}}$  ( $3.987 > 1.662$ ) with significance  $0.000 < 0.05$ . This means that an increase in product quality will be followed by a significant increase in customer satisfaction. So, Hypothesis 3 is accepted.

#### **4.6 The Effect of Covid-19, Strategy of Service Quality and Product Quality of Financing on Customer Satisfaction at *Baitul Maal Wat Tamwil* Insan Mulia Palembang**

Hypothesis 4 in this study states that Covid-19, service quality strategy, and financing product quality simultaneously have a significant positive effect on customer satisfaction. Based on the test results, it is known that Covid-19, service quality strategy, and financing product quality simultaneously have a significant positive effect on customer satisfaction. This can be seen from the simultaneous test results which show the calculated  $F$  value of 23.530 is greater than 2.71 with a probability level of 0.000 which is smaller than  $\alpha$  0.05. This means that the increase in Covid-19, a strategy for service quality and quality of financing products will be followed by a significant increase in customer satisfaction. So, Hypothesis 4 is accepted.

## **5. Conclusion**

Based on the results of testing and data analysis that have been carried out, the conclusions that can be drawn from this study are as follows:

The results of testing hypothesis 1 prove that there is a significant positive effect between Covid-19 on customer satisfaction. It can be seen from the value  $t_{\text{count}} = 2,213$ , which means  $t_{\text{count}} > t_{\text{table}}$  ( $2,213 > 1,662$ ) with significance  $0.030 < 0.05$ . So, hypothesis 1 which states that partially Covid-19 has a positive and significant effect on customer satisfaction at *Baitul Maal Wat Tamwil* Insan Mulia Palembang, is acceptable. The results of testing hypothesis 2 prove that there is a positive and significant influence between service quality on customer satisfaction. This can be seen from the value of  $t_{\text{count}} = 6.002$ , which means  $t_{\text{count}} > t_{\text{table}}$  ( $6.002 > 1.662$ ) with a significance of  $0.000 < 0.05$ . So, hypothesis 2 which states that partially service quality has a positive and significant effect on customer satisfaction at *Baitul Maal Wat Tamwil* Insan Mulia Palembang, is acceptable. The result of hypothesis

testing 3 proves that there is a positive and significant influence between product quality on customer satisfaction. This can be seen from the value of  $t_{count} = 3.987$ , which means  $t_{count} > t_{table}$  ( $3.987 > 1.662$ ) with a significance of  $0.000 < 0.05$ . So, hypothesis 3 which states that partially product quality has a positive and significant effect on customer satisfaction at *Baitul Maal Wat Tamwil* Insan Mulia Palembang, is acceptable. The results of hypothesis testing 4 prove that Covid-19, service quality, and product quality simultaneously have a positive and significant effect on customer satisfaction at *Baitul Maal Wat Tamwil* Insan Mulia Palembang. This can be seen from the simultaneous test results which show the calculated F value of 23.530 is greater than 2.71 with a probability level of 0.000 which is smaller than alpha 0.05. So, the hypothesis which states that Covid-19 has a negative effect and, service quality and product quality simultaneously have a positive and significant effect on customer satisfaction at *Baitul Maal Wat Tamwil* Insan Mulia Palembang, is acceptable.

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