



SERVICE EXCELLENT FOR ISLAMIC MICRO FINANCIAL INSTITUTIONS DURING COVID-19 PANDEMIC

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ABSTRACT

The development of Islamic financial institutions in Indonesia continues to increase. But, the development of Islamic finance institutions is hindered due to the impact of the Covid-19 outbreak. In particular, Islamic non-bank financial institutions include Islamic microfinance institutions (IMFI). SMEs that become the market segment of IMFI are affected by the Covid-19. Amid this condition, IMFI still has survived and developed and provides excellent service to customers. This study aims to determine the development of IMFI and to know the pattern of service excellence for IMFI in the condition of the Covid-19 outbreak. This research is qualitative and uses library research. Data sources obtained from several sources are considered relevant themes, especially sources of certain institutions that provide data relating to the development of IMFI. The data analysis technique used is a qualitative descriptive overview of the development of IMFI and service excellent pattern for amid the Covid-19 outbreak. Results showed the growth of IMFI in March 2021, whose assets experienced growth of 6.8 percent and financing growth of 13.66 percent. IMFI can do the excellent service pattern amid the Covid-19 outbreak, continues services as usually by following existing rules, increasing intensity of communication with customers, cooperating with other Islamic financial institutions, and improving service indirectly giving customers access.

Keywords: Service Excellent, Islamic Micro-Financial Institutions, Covid-19.

INTRODUCTION

Business use based Islamic system in the country seems to grow. The growth was apparent in the financial sector as the Islamic banking, Islamic financing banks (BPRS), and *Baitul Mal wat Tamwil*. Those institutions have millions of rupiahs and even billions of people's funds following Islamic principles. Such financial institutions must operate strictly based on Islamic principles. This principle is very different from the principles adopted by non-Islamic financial institutions. The principles and trade principles referenced are; Prohibition of applying interest on all forms and types of transactions. Conduct business and trade activities based on lawful fairness and profit. They are issuing *zakah* from the proceeds of activities, the prohibition against running monopoly.



Furthermore, cooperate in community building through business and trade activities that Islam does not ban. From the results of the deliberation of the international Muslim economist and the academic *fiqh* in Makkah in the year 1973, said that the basic concept of economic relations based on Islam in the Islamic economic system is apparently can be applied in the operation of financial institutions of banks and financial institutions, not banks. The implementation of this concept is realized with the emergence of Islamic financial institutions in this archipelago (Muhamad 2009).

In the Islamic concept, we will get to know the aspects of the contract and legality of Islamic financial institution with conventional financial institutions. There are similarities and differences between Islamic financial institutions and conventional financial institutions. Their equations consist of; techniques for receiving money, transfer mechanisms, computer technology used, and requirements for obtaining financing such as tax number, proposals, etc. The differences between the two are; aspects of the contract and legality, financed business, work environment, and organizational structure. In terms of contracts and legality, each Islamic financial institution, in terms of goods, transaction actors, and other provisions, must meet existing provisions, such as pillars and conditions. Businesses and businesses that are financed have a filter of halalness and benefit. It can ascertain that the object of financing is halal and not prohibited. Projects that finance do not cause harm to the community. Financed projects do not contain immoral elements, and project financing is not related to gambling. As well as project financing does not harm, either directly or indirectly. The work environment of Islamic financial institutions is in line with Islamic principles. In terms of ethics, for example; trustworthy (*shiddiq*), intelligent and professional (*fathonah*), and able to carry out tasks in a teamwork manner where information evenly distribute across all organizational functions (*tablig*) (Tan 2009).

Financing application, banks must have the ability to properly administer financing disbursement. Financing administration includes document assessment, storage of financing and guarantee documents, recording loan balances, due dates of installment obligations, installment financing history, and the amount of arrears if any. The records for good financing also make it easier for banks to evaluate the quality of financing individually as well as in portfolios so that banks can establish strategic policies for the direction of financing in the future. The financial administration system that is owned by the bank must also be able to support stress testing against various possible scenarios of economic conditions in the future (Ikatan Bankir Indonesia 2015). A good financial administration pattern is also a form of service excellence for customers of Islamic financial institutions.

Muslims in modern life face quite a challenge. On the one, they must be able to keep up with global development in the field of economy, science, and technology. Meanwhile, on the other side, we must comply with the provisions in Islam. In other words, Muslims must be able to survive in the era of globalization while still guided by Islamic values. In real life, especially in the Muslim economy, it is difficult to get out of the interest-based *riba* economic system (Umam and Utomo 2016). This challenge is increasingly being felt today, where the Covid-19 outbreak has emerged and has had a large impact on the delay in economic activity. Since the emergence of the Covid-19 outbreak, it has cut off many activities of institutions, including Islamic financial institutions. Currently,



Islamic financial institutions are also affected by Covid-19. There should be strategic efforts so that Islamic financial institutions can survive and continue to contribute to the economy.

During the Islamic financial industry efforts to show its "humanist" and inclusive side, Covid-19 destroys the pillars of world social and economic life. The Islamic finance industry was also affected. Anticipation of a slowdown in the economic cycle accelerated by the impact of Covid-19 has worsened the quality of financing and limited funding sources, placing greater pressure on the liquidity of financial institutions, particularly banks. In the current climate, the Islamic banking sector has experienced a decline in margins, along with slowing growth in financing accompanied by an increase in non-performing assets, which ultimately reduces profitability. On the other decision, the depressed liquidity of Islamic banking will make them stumble in launching financing or fulfilling the short-term obligations of their customers. Fortunately, the financial services authority (OJK) has issued regulation POJK Number 11/POJK.03/2020 concerning national economic stimulus as a countercyclical policy from the impact of Covid-19. Banks can restructure so that non-performing finance (NPF) can be suppressed (Izhar 2020).

Generally, the challenges in Islamic banking during the Covid-19 pandemic were liquidity and the ratio of non-performing financing (NPF). Adiwarman predicts that Islamic banking will begin to be depressed in July 2020 and August at its peak. In that month, Islamic banking loses income from financing, profit sharing, because the customer enters the fourth and fifth months of default. "With decreasing income, there will be less competitiveness, the profit-sharing on deposits decreases, it is smaller, so conventional banks are more attractive," he said. However, the risk of an increase in the NPF can be overcome with POJK policy Number 11/POJK.03/2020 concerning national economic stimulus as a countercyclical policy on the impact of the spread of coronavirus disease 2019. Banks can restructure so that the NPF can be suppressed. Another challenge is the unequal liquidity in the industry. Some banks enjoy excess liquidity and others under. Adiwarman suggested a regulator policy to equalize liquidity in the industry. In addition, he mentioned two solution options referring to the 1998 and 2008 crisis conditions. At that time, Islamic banking converted their financing under a *murabahah* contract into financing with a *musyarakah* and *mudharabah* contract. "The conversion of the contract to profit-sharing was carried out during the first crisis," he said. He believes the regulator will be responsive to industrial demand in times of famine-like this. The OJK has also issued POJK Number 18/POJK.03/2020 concerning written orders for handling bank problems. This POJK allows carry out a merger, consolidation, acquisition, and/or banking integration. Adiwarman said he was working with five banks that were preparing to be regulated by POJK number 18. After passing through the most crucial month of August, he believes the Islamic banking industry can return to normal and will have a new business landscape. He advised the industry to work together to support each other when facing the Covid-19 pandemic. "It's time to think creatively, be smart and don't give up, take advantage of all the gaps in the existing policies," he said. For example, by utilizing multiple channels for marketing the same banking product, utilizing technology, buying new entities, or



seeking investors. Adiwarman said that at this time many investors were looking for a bank to acquire (Puspaningtyas 2020).

The pandemic has affected various sectors, including the economic and financial sectors. Various efforts and policies to limit business activities to prevent the spread of Covid-19 have resulted in a decline in business and business activities. As a result, the financing banks (BPR) and BPRS industry felt the impact of the pandemic due to the reduced ability of debtors to pay installments and an increase in the withdrawal of deposit funds used to meet daily needs. The Chairman of The Association of Indonesian Credit Banks (Perbarindo) Joko Suyanto said that this had an impact on the liquidity conditions of the BPR and BPRS Industry which had never been predicted before so that its condition was no longer reflected in the Bank Business Plan which was submitted to regulators. However, Joko believes that BPR and BPRS will be able to pass the test if Perbarindo members are united or united to protect the industry. The BPR-BPRS industry in partnering and serving the community and Indonesian SMEs players for nearly 40 years has been able to get through the economic and political turmoil that has hit this country. In line with increasingly fierce competition in the banking world, BPR-BPRS are unlikely to fade and are still one of the most popular banks for the public. The characteristics of BPR and BPRS which have ease in channeling credit and are unique in collecting public funds compared to other conventional banks are their main attractions so that BPR and BPRS are still growing and developing. We must face this extraordinary condition together by maintaining togetherness, cohesiveness, cooperation, and uniting together to maintain the condition of the BPR-BPRS Industry to be able to survive, rise, and win through the Covid-19 Pandemic (Hutauruk 2020).

The Micro financial institutions are the legal domain under Law No.1 of 2013 on micro-financial institutions (MFI). The micro-financial (Islamic) institutions referred to in the law are under the supervision of the OJK. Meanwhile, MFI (Islamic) consist that is under the supervision of the ministry of cooperatives and SMEs, namely cooperatives/Islamic financing savings and loans units (KSPPS/USPPS). Then, those that are under the supervision of OJK, namely MFI (Islamic), which are under the supervision of the local government and local customs, namely the *Lumbung Pitih Nagari* (LPN) and the village credit institution (LPD). One form of IMFI is *Baitul Mal wat Tamwil* (BMT) which carries out financial intermediation at SMEs. The number is very significant throughout Indonesia, with around 5,500 institutions based on unofficial data. There is still a need for joint efforts from the Ministry of Cooperatives, SMEs, and OJK to collect BMT data to be better. BMT grows and is developed by the community as a *da'wah* movement in the economic field. As well as being self-help for Muslims. Besides functioning as financial intermediation, BMT is also a social intermediary or the role of empowerment in the ultra-micro segment. Generally, this segment is still categorized as unbankable, so it requires special treatment to upgrade its class. In addition, in practice in the field, BMT also carries out a social mission (*baitul mal*) to gather *ziswaf* for the empowerment and welfare of *mustahik*. *Da'wah* elements accompany the implementation of BMT daily tasks. The absorption of physical distancing has an impact on the difficulty of BMT in gathering members. In particular, BMT applies group financing. Without group meetings, installments are 'off' from the financial side in general.



There has been a withdrawal of savings by members because of the need during the pandemic and increased consumption to maintain body immunity, exacerbated by informal workers and SMEs unable to conduct business as usual. The information received is that in a month there are BMT that experience savings withdrawals of up to IDR 1 billion. Installments for financing began to stall, especially for SMEs, but formal workers are still running smoothly until now. Almost all BMT do selective lending. Funding is given to sectors not affected by Covid-19 and workers in the formal sector such as civil servants. On the liquidity reserve side, it is already limited for some time to come. This condition is not the same between one BMT and another. Some were able to survive for the next few months, but not a few survived a few weeks due to the withdrawal of savings. Concerns also arise during the month of Ramadan. BMT members generally withdraw their savings in preparation for *Eid*. In general, BMT income has also decreased during this pandemic. On the operational aspect, BMT begins to reduce working days and hours. The presence of BMT provides real benefits for the community, especially for SMEs actors (Aryo 2020).

The Islamic economy, in line with the Indonesian economy in general, is resilient, supported by domestic demand amid a decline in exports due to the global economic slowdown in 2019. Judging from the priority sectors in the halal value chain (HVC), the performance of the Islamic economy is generally higher than the national GDP growth reached 5.72%. This performance is mainly supported by the halal food sector, which has the largest contribution to the total priority sectors in HVC. In the short term in 2020, in line with the economy in general, the impact of the Covid-19 pandemic will cause a decline in the performance of the Islamic economic priority sector. In the medium term, the momentum for denominational recovery from the impact of the Covid-19 will be utilized to encourage the development of the Islamic economy. Efforts to transform national Islamic economic and financial development will still be focused on an ecosystem approach. The integrated development strategy has even been strengthened by the issuance of Presidential Decree number 28 of 2020 concerning the national committee for Islamic economics and finance. In line with the Government's development plan, Islamic economic and financial development will include (1) development of the halal product industry; (2) development of the Islamic financial industry; (3) development of Islamic social funds; and (4) development and expansion of Islamic business activities. (Bank Indonesia 2020)

Efforts are needed to maintain the stability of Islamic financial institutions, especially IMFI that transact a lot with the real sector of SMEs. From the service point of view, another strategy has to be made to survive. Moreover, microfinance institutions are limited in terms of technology so that there must be something that can be favored so that people can still use micro-finance institutions. Excellent service can be an effort to maintain the existence of microfinance institutions. Conditions during the Covid-19 outbreak, conditions have changed, only social distancing, the existence of a ban on gathering with a certain amount, will limit activities. So that excellent service with other models is needed so that it can run well and continue to increase transaction activities in IMFI.

The key to keeping customers from running away lies in the way of service. The service excellent is service that is friendly, fair, fast, precise, and with good ethics so that it meets the needs and satisfaction of those who receive it.



Service and bank ethics are very important because friendly, good, and correct service and ethics will create sympathy from the community. If the public is sympathetic and interested, it will generate trust so that the marketing of bank service products becomes smoother. Service is an attraction for (prospective) customers to become customers, as well as the satisfaction of customers of Islamic banking them-selves. In addition, the achievement of customer satisfaction can only be achieved through synergy in the company, which in the end, employees can give satisfaction to customers, which will benefit stakeholders and bank owners can improve the welfare of their employees. The creation of a good balance between the customer and the bank is part of the target and benefits of service excellence (Fitria 2012). Especially during the Covid-19 pandemic, service excellent must be maintained, so that customers also survive, even though they are experiencing difficulties, and provide mutual support.

From the description above, the author is interested in conducting deeper research related to service excellence that needs to be done by IMFI during the Covid-19 pandemic. The limitation in this study is a special IMFI for BMT and BPRS. Both institutions have experienced a performance decline due to Covid-19, the two institutions do a lot of transactions with SMEs. Then the form of excellent service can be carried out by both Islamic financial institutions during the Covid-19 pandemic. The purpose of this study is to analyze the development of IMFI during the pandemic and the pattern of service excellence that can be applied to IMFI such as BMT and BPRS during the Covid-19 outbreak.

LITERATURE REVIEW

Service Excellent

Service is defined as an act or action of a person or organization to provide satisfactions to customers or fellow employees. Customer means not only customers or customers who buy company products, but also customers within the company (employees and leaders, namely serving fellow employees or leaders who provide services to each other. Thus the type of service can be divided into two groups, namely, the first group of services within the company, which means service between employees and leaders, or among employees. The second group, external service, means services provided to customers or customers. These two types of services must support one another. If the service is between employees to employees or employees with leadership do not run smoothly or are hampered, it will affect the outgoing service. Therefore, the inside service will expedite the outward service. Conversely, if the inside service is good but the outside service is not good, the result is also not good. Internal service as well as mutual external service, affect each other. This means that the two services must be carried out together as well as possible (Kasmir 2017).

The employee actions in serving can be done by directly serving customers. This means that customers can directly face customers while serving their wants and needs. Indirect service is provided by placing an item in a location known to the customer or by taking the item themselves and paying directly to the cashiers. Indirect services can also be provided through services served by machines such as ATMs. This means that the services provided are not carried out by humans but by machines. Indirect service is also carried out to fulfill customer



desires for a product or service they need in a certain place and at a certain time. It cannot be denied that almost all types of products offered require service for company employees, especially those that are direct. It's just that the services provided are sometimes direct and indirect. For bank products and other financial institutions such as insurance, leasing, pawnshops, and others, it requires direct services such as cash deposits, credit applications, or the purchase of other products. In these services, some need an explanation, either modest or in detail (Kasmir 2017).

Excellent Service as an integrative strategic management system that involves all managers, employees and uses qualitative and quantitative methods to continuously improve organizational processes to meet and exceed the needs, wants, and expectations of consumers (Tjiptono 1996; Antoni 2018). Service Excellent is a derivation of *Total Quality Management* (TQM) in the service industry which has a core concept that to improve the quality of company services it must involve commitment and awareness of all levels of work in the company where this business must be carried out continuously all the time so that an increase in sales will be obtained, as well as a wider market share (Antoni 2018).

The service excellent entitled communication is the application of communication in supporting actions or actions to customers what they expect when they need it, in the way they want. Meanwhile, according to Daryanto and Setyobudi (2014) mentioned the concept of excellent service excellent based on A3, namely *Attitude, Attention, and Action*. Service excellent is based on the A3 philosophy, which means that the service provided to customers incorporates attitude, attention, and action (Nizar and Soleh 2017). The concept of excellent service was put forward by Atep (2013) known as A6, which is developing excellent service by aligning the factors of *Ability, Attitude, Appearance, Attention, Action, and Accountability* (responsibility) (Nizar and Soleh 2017). The service sector is an important and decisive element in growing and developing a company so that it remains excellent in the face of competition. Likewise, with the banking business, trust and service quality are important factors in determining business success (Nizar and Soleh 2017).

Institutions that serve people who do not have access to banking financial institutions. Micro financial institutions focus on empowering the poor communities, meanwhile, the Islamic economy also emphasizes social and economic welfare and justice, especially on the grassroots level of society. As a result, microfinance and Islamic finance share the same social objectives. Over time, according to the characteristics of the majority Muslim community, Islamic-based MFI emerged. In Indonesia, the Islamic microfinance institution is known as BMT which is a Islamic financial services cooperative legal entity, then issued a regulation of the minister of cooperatives and small and medium enterprises (Darsono, Sakti, Suryanti, Astiyah, and Darwis 2017).

BMT consists of two terms, namely *baitul mal* and *baitul tamwil*. *baitul mal* is more directed at efforts to collect and distribute non-profit funds, such as *zakah, infaq* and *sadaqah*. Meanwhile *baitul tamwil* is an effort to collect and distribute funds commercially. These efforts are an integral part of BMT as an institution to support the economic activities of the small community based on Islam. As an institution, BMT is accompanied or supported by the small business incubation center (PINBUK). PINBUK is the primary institution because it has a



broader mission, namely to hatch small businesses. In practice, PINBUK incubates BMT, and in turn, BMT hatches small businesses (Rahardjo 1999).

The role of BMT is to keep people away from non-Islamic economic practices, actively socializing in the community about the importance of the Islamic economic system, conducting coaching and funding for SMEs. BMT must take an active role in carrying out their function as a microfinance institution, for example using mentoring, coaching, counseling, and supervising the businesses of the customer or the general public, and can eliminate bad culture that often occurs in small communities namely the dependence on moneylenders or borrowing at interest, which is a burden to the community. BMT must provide better services to the community and provide convenience in financing without procedures that can make it difficult for fund applicants. BMT will maintain the economic justice of society with an even distribution (Sudarsono 2008).

As a business institution, BMT focuses its business activities on the financial sector, namely savings and loans using the Islamic pattern. This business is like a banking business that collects funds from community members and distributes them to the halal and profitable economic sector. The difference with a bank lies in the object of funds, if the bank can withdraw funds from the public unconditionally, then BMT can only withdraw funds from the public on the condition that they become members or prospective members. However, it is wide open for BMT to develop their business lands in the real sector and other financial sectors, which is prohibited by bank financial institutions. Because BMT is not a bank, it is not subject to banking regulations (Ridwan 2006).

In addition to BMT, other IMFI that are experiencing growth in society are the BPRS. BPRS is one type of Islamic bank in Indonesia, which distinguishes it from commercial banks, namely because BPRS does not provide cross transaction. Then the market share that becomes the target of BPRS is the micro sector. So that BPRS is better known as IMFI, although in operation and portion, many BPRS have assets that are quite large, it's just that a lot of financing is channeled to finance SMEs. According to law number 21 of 2008 concerning Islamic banking, a BPRS is a Islamic bank which in its activities does not provide services in payment traffic.

BPRS are banks that carry out business activities based on Islamic principles which in their activities do not provide services in payment traffic. BPRS is a business entity equivalent to a conventional people's credit bank with the legal form of a Limited liability Company, Regional Company, or Cooperative (Ascarya and Yumanita 2005) The attention of BPRS to the development of the domestic market in SMEs can be seen from the various objectives to be achieved. The objectives desired by the establishment of the BPRS are: 1) Improve the economic welfare of the community, especially those with economically weak groups who are generally located in rural areas. 2) Increase employment, especially at the sub-district level, so as to reduce the flow of urbanization. 3) Fostering the spirit of *ukhuwah Islamiyah* through economic activities in order to increase per capita income towards an adequate quality of life. 4) Increase the share of the domestic market (domestic economy) (Sumitro 1996, 214).

Wathani and Kurniasih (2015) in their paper entitled the concept of service excellent of Islamic banking based on the Quran, stated that the concept of service excellence in Islamic banking is based on the Al-Quran consists of 3 aspects,



namely *aqidah*, morals, and *muamalah*. Some from Al-Quran guidelines regarding Islamic banking services, namely employees must imitate how the Apostle serves customers when trading (Surat Al-Ahzab verse 21), employees must serve customers gently, have a forgiving nature, and are strong determination (Surat Ali Imran verse 159). Employees must also greet customers well, provide speed in serving, serve sincerely, maintain appearance and cleanliness, and be patient in serving (Surat Al-Muddatstsir verses 1-7) (Wathani and Kurniasih 2015).

Joni (2018) in his research entitled comparative analysis of service excellent between BPR Arta Jaya Mandiri and BPRS Al-Madinah in Tasikmalaya, states that the description of service excellence at BPR Artha Jaya Mandiri Tasikmalaya is shown by the results of research from respondents that service excellence can be seen from the average score. Service excellent of 60.88 with an average number of respondents as much as 56% and a range value of 47-78 in the quite good category. The description of service excellence at BPRS Al-Madinah Tasikmalaya is shown by the results of research from respondents that service excellence can be seen from the average score of service excellent of 60.06 with an average number of respondents as much as 56% and a range of 47-78 is categorized as quite good. Based on the results of hypothesis testing, it is proven that $t \text{ count} < t \text{ table and significance} > 0.05$ and the results compare the mean between the average service excellence score at BPR Artha Jaya Mandiri and BPRS Al-Madinah is only a difference of 0.82. So there is no significant difference in service excellence between BPR Artha Jaya Mandiri and BPRS Al-Madinah (Joni 2018).

Antoni (2018) in his research entitled the effect of excellent service quality, profit sharing, and customer income levels on firdaus savings at PT. Bank Aceh Syariah Langsa states that services have a positive and significant impact on the amount of firdaus savings at PT. Bank Aceh Syariah Langsa because the t -ratio of 2.532 is greater than the t -table of 1.984 or a prob of 0.01 significant < 0.05 . Profit sharing has a positive and significant effect on the amount of firdaus savings at PT. Bank Aceh Syariah Langsa because the t -ratio of 2.684 is greater than the t -table of 1.984 or a prob of 0.00 significant < 0.05 . Income has a positive and significant effect on the amount of firdaus savings at PT. Bank Aceh Syariah Langsa because the t -ratio of 6.861 is greater than the t -table of 1.984 or prob is 0.000 which is significant < 0.05 .

Nizar and Sholeh (2017) in their research entitled the effect of service excellent on customer satisfaction stated that the independent variables consist of ability (X1), attitude (X2), appearance (X3), attention (X4), action (X5), responsibility (X6, service quality (X7), product quality (X8), cost and convenience (X9) simultaneously have a significant influence on the variable customer satisfaction (Y). This is indicated by the results of the calculation of the $F \text{ count} \geq F \text{ table}$ ($57.120 \geq 0.362$) or $\text{Sig } F \leq 5\%$ ($0.000 \leq 0.05$). Meanwhile, the contribution of the variables of ability (X1), attitude (X2), appearance (X3), attention (X4), action (X5), responsibility (X6), service quality (X7), product quality (X8), cost and convenience (X9) on the customer satisfaction variable (Y) is indicated by the determinant coefficient value of 0.070 or 70%, while the remaining 30% is influenced by other variables outside this research variable. The results showed that the independent variables consisting of ability (X1), attitude



(X2), appearance (X3), attention (X4), action (X5), responsibility (X6), service quality (X7), product quality (X8), cost and convenience (X9) partially only ability (X1), appearance (X3), action (X5), service quality (X8) cost and convenience (X9) which have a significant influence on customer satisfaction (Y) (Nizar and Soleh 2017).

METHODS

The type of research used is library research. The nature of the research used is qualitative, which will describe the development of IMFI and service excellent model for IMFI during the Covid-19 pandemic. Sources of data in this study are from secondary sources from various institutions. Especially for institutions that enforce data on IMFI. Such as the OJK, then other sources that are considered relevant to the research theme. The limitation in this study is that it is limited to IMFI, especially for BPRS and BMT. Then it is limited to the service excellent for IMFI.

Secondary data that has been presented by certain institutions are then processed by researchers. Data are relevant to the research theme, service excellence, and data on IMFI. The data used include data presented by the service authority related to Islamic financial institutions, the data used in the Islamic banking statistics February 2021, statistics of Islamic non-bank financial industry, IMFI February 2021, and the December 2020 report of Islamic cooperative on December 2020.

The data collection techniques used in research is data gathered from a variety of sources. The data collection techniques used in research are data gathered from various sources, including books, journals, and other sources that are considered relevant to the object of research and then describes the data. Furthermore, the data analysis technique used in this research is descriptive qualitative by describing the development of Islamic financial institutions from the data obtained and describing the excellent service pattern for IMFI during the Covid-19 pandemic.

RESULTS AND DISCUSSION

The Islamic Micro-Financial Institutions (IMFI)

The data in Table 1 shows the growth of IMFI, especially during the pandemic, in the period March 2020 to March 2021. The largest growth was in the receivables component, which grew to reach 18.23 percent. Then financing expanded at the same time, reaching 13.66 percent. Additionally, the placement of funds component experienced the smallest growth of 5.42 percent. Islamic financial institution assets until March 2021 reached 499,700,000,000. Condition during Covid-19 pandemic, IMFI can try and develop and continue to provide the best service to the community, especially in economic recovery affected by Covid-19 pandemic.

The data in Table 2 shows a quarterly financial report for the Islamic cooperative micro financial institution in the period April 2020 to December 2020. The largest growth was in the capital component which grew to 17.14. Then the component of placement of Islamic cooperative funds reached 6.03 percent.



And the financing component has decreased by -2.84 percent. The total assets up to December 2020 reached 461,430,000,000. in this period, during Covid-19 pandemic, IMFI, including the type of Islamic cooperative (BMT), must still be able to show good performance, to maintain the trust of members, and increase the volume of their financing, and continue to assist members affected by the Covid-19 pandemic.

Table 1 the Growth of IMFI

No	Components	March 2020	March 2021	Growth (%)
1	Asset	467.90*	499.70*	6.8
2	Placement Of Funds	295.42*	311.43*	5.42
3	Financing	20.20*	22.96*	13.66
4	Accounts Receivable	86.29*	102.02*	18.23
5	Number of units	76	81	6.58

Source: (Otoritas Jasa Keuangan 2021a)

Table 2 the Growth of Islamic Cooperative MFI

No	Components	April 2020	December 2020	Growth (%)
1	Asset	445.88	461.43	3.49
2	Placement Of Funds	272.32	288.75	6.03
3	Financing	22.58	21.94	-2.84
4	Accounts Receivable	84.94	88.84	4.59
5	Capital	14.93	17.49	17.14

Source: (Otoritas Jasa Keuangan 2020)

Table 3 the Growth of BPRS

No	Components	April 2020	February 2021	Growth (%)
1	Third Part of Funds (TPF)	8.888.712	9.857.711	10,9
2	Financing	10.641.998	10.764.870	1,15
3	Income	500.656	251.500	-49,76
4	Placements in Other Banks	2.132.302	3.256.589	52,73
5	Number of TPF Accounts	1.661.271	1.779.800	7,13

Source: (Otoritas Jasa Keuangan 2021b)

The data in Table 3 shows the growth of BPRS in the period April 2020 to February 2021. The data shows that the largest growth in the placement component with other banks grew by 52.73 percent. Then the growth in the component of party funds reached 10.9 percent. As for the income component, it decreased by -49.76 percent. The number of account holders with third-party funds reached 1,779,800. During the Covid-19 pandemic, BPRS was able to survive and continued to show good performance, even though income had decreased. As the number of BPRS customers continues to grow, so has the amount of financing channeled, despite the Covid-19 outbreak condition. To continuously improve and develop its performance, the BPRS must continue to provide the best service to its customers, both in raising funds and for financing customers. BPRS must continue to provide excellent service for its customers, during the Covid-19 pandemic, services that are different from the usual conditions, especially for customers affected by Covid-19.



Service Excellence for IMFI during Covid-19 Pandemic

IMFI are institutions that have many activities or operations that are directly related to the micro sector, especially SMEs. The limited use of technology in IMFI is a challenge to be able to provide good service. Service excellent is important for IMFI to increase the attractiveness of the community to use IMFI services. The different MFI market segments from Islamic banking in the larger segment have different prime service models. Islamic banking prime services with a lot of technology are the main attraction for the public to use their services. For service excellent IMFI, establishing communication, brotherhood, and meeting intensity becomes more important. Especially at this time since the emergence during the Covid-19 pandemic which has had a bad impact denominally, especially for the MFI market segment, namely SMEs. The SMEs which are usually limited to the capital, during Covid-19 pandemic, are having difficulties in running their businesses, the decreasing purchasing power of the community has resulted in SMEs products being less smooth. As a result, the income of SMEs players has decreased, so that payments for financing at IMFI have also certainly decreased. The emergence of the Covid-19 outbreak, with various rules that must be followed so that it does not spread more widely, was made a protocol, but this rule has an impact on the economy. The existence of social distancing protocols, the prohibition of gathering, and the increase in the number of agencies operating from home all result in a decrease in economic turnover, making it difficult for SMEs actors to find buyers. In a situation like this, IMFI must remain able to survive, and provide excellent service more than usual.

The service excellent pattern that can be carried out by IMFI during the Covid-19 outbreak continues to carry out operational activities as usual by maintaining predetermined rules. It is necessary to improve communication with financing customers, especially SMEs customers who are financed and affected by Covid-19. Communication is built to provide support to customers, give concerns for the customer's condition, and if better, provide advice for the progress of the customer's business. If needed, the IMFI will participate in introducing and marketing the products of the SMEs customers it finances to other parties, additionally, to foster collaboration and synergy among multiple parties, primarily to boost fundraising. Collaboration can be carried out with other existing Islamic financial institutions, especially to provide excellent service to customers. To reduce the gathering of large numbers of people, and social safeguarding regulations are being pushed, the IMFI can indirectly improve services through ball pick-up and service delivery to its customers.

CONCLUSION

The growth of IMFI during the Covid-19 pandemic is growing slowly. In the period March 2020 to March 2021 the total assets of IMFI reached 499,700,000,000. The growth in the number of MFI players reached 6.58 percent, and the financing channeled grew to reach 13.66 percent. Between April 2020 and December 2020, the type of IMFI experienced asset growth of 3.49 percent. For financing, it has decreased by -2.84 percent. As well as for capital, it has grown by 17.14 percent. For the type of BPRS in the period from April to February 2021,



third party funds grew by 10.9 percent, for financing it grew by 1.15 percent, then for income in this period it decreased by -49.76 percent.

The pattern of service excellent carried out by IMFI during Covid-19 pandemic is to continue carrying out operational activities as usual, by following standards and protocols. Then service excellent in the form of increasing communication with financing customers, especially SMEs customers who are financed and affected by Covid-19. IMFI participated in introducing and marketing the products of SMEs customers that it financed to other parties. Building synergy with parties is deemed necessary in providing services, especially to facilitate indirect transactions.

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