



# ANALYSIS OF STRENGTHENING CUSTOMER LOYALTY IN DEPOSIT PRODUCTS AT BMT-UGT SIDOGIRI PAMEKASAN BRANCH

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**Abstract:** The main focus of this study is to evaluate the factors that affect customer loyalty and identify effective strategies for increasing customer satisfaction and attachment to deposit products. The qualitative research approach was used with a case study method at BMT-UGT Sidogiri Pamekasan Branch. Data was collected through in-depth interviews with customers, satisfaction surveys, and document analysis related to deposit management policies and practices. Data analysis is carried out descriptively to identify the main factors that affect customer loyalty, such as service quality, product benefits, and effective communication. The results show that several factors contribute significantly to strengthening customer loyalty, including satisfactory service, loyalty programs, and transparency in product information. In addition, a good communication strategy between BMT-UGT Sidogiri and customers has also been proven to increase satisfaction and loyalty. However, there are challenges such as the need for improved product features and responsiveness to customer feedback. This research provides insight into how BMT-UGT Sidogiri Pamekasan Branch can strengthen customer loyalty to deposit products through an integrated strategy that focuses on customer satisfaction. The recommendations provided are expected to help financial institutions in increasing customer engagement and achieving long-term success.

**Keywords:** Customer loyalty, Deposit products, BMT-UGT Sidogiri

## INTRODUCTION

Various businesses in this era of globalization have experienced very rapid development. Overall economic development that goes hand in hand with the development of knowledge. Knowledge and technology create an increasingly fierce competition, both in the national and international markets (Fauji dkk., 2021). To face competition, national companies are required to be able to satisfy customers by improving the quality of their services (Andania & Yadnya, 2020). Along with the world's life, which is growing every year, people's economic transactions and activities cannot be separated from finance. Therefore, the majority of people are very selective in choosing financial institutions that they think provide benefits for both parties (Abu Tapanjeh & AlTarawneh, 2020). The choice of these financial institutions is certainly the best for their survival. Both Bank financial institutions, as well as and non-bank financial institutions based on Sharia (Rahman, 2022).

Along with the development of Islamic banking in Indonesia, Islamic microfinance institutions with more complete facilities or supporters are also developing. Supporting facilities in the form of Ministerial regulations, Ministerial Decrees, SOPs, and banking attention, especially Islamic banking, make it easier to establish BMT (*Baitul Maal Wat Tamwil*). BMT has experienced very significant development with its functions and products. Mujiono, (2017) defines BMT as a socio-religious-oriented financial institution whose main activity is to raise funds and distribute funds according to Sharia principles. Just like Islamic

banking, BMT also has three functions, namely as a fundraiser, a fund distributor, and a service provider (Agustina & Purnomo, 2022). Success in winning the competition between Islamic financial institutions, banks, and non-banks or other financial institutions can be achieved if the company can create and retain its customers. To achieve everything, the spearhead of a BMT lies in the performance *account Officer* or *marketing*. Because transactions at BMT still rely a lot on interaction between *marketing* and its members. Especially for members of deposits or deposits. Therefore, every BMT must always pay attention to the performance *Account officer* and plan the best strategy for progress and maintain customer loyalty (Rahman & Handayati, 2023).

Each BMT has a different strategy for winning the competition in the market. Fostering a loyalty attitude of members is a demand that must be made by BMT, because maintaining loyalty from customers is a demand that must be carried out every BMT. If customer loyalty is well maintained, then BMT's extension will also be well maintained. Creating and retaining loyal members is the top priority of every Company. Especially in BMT, especially in deposit members, when collecting funds, BMT must have good trust in the eyes of its members. If you look at it, the public is smarter and more selective in entrusting the right financial institution to collect its funds. In addition to customer trust, customer satisfaction is also a determinant of customer loyalty. Satisfaction is the most important factor in maintaining customer loyalty (F. Rahman, 2023).

BMT UGT Sidogiri Pamekasan Branch has deposit products that in the last three years have increased every year and always exceeded the target every year. The increase in customers every year is proof that BMT UGT Sidogiri Pamekasan Branch has a good marketing strategy in maintaining customer loyalty. However, with the rapid development of the times, there are many financial institutions or companies on behalf of individuals who run a service business, and there will be more and more competition, so there are also more options for people in choosing the financial institution they want. This will be the responsibility of a financial institution or company that runs financial services to further increase the assets that it already has, and also determine *a marketing* strategy so that it can attract as many members as possible. Therefore, customer loyalty, especially for members of this deposit, needs to be maintained so that BMT's performance can run well and be more advanced in the future. Many BMTs have gone out of business because the service is not good and does not satisfy the wishes of their customers. From that, not a few members moved to other BMTs that he considered to have better service. For this reason, in maintaining customer satisfaction and achieving loyal customers, BMT UGT Sidogiri Pamekasan Branch prioritizes the best service.

## **METHOD**

This study uses a qualitative approach with a case study method to analyze the strengthening of customer loyalty to deposit products at the BMT-UGT Sidogiri Pamekasan Branch. This approach was chosen because it allows for an in-depth understanding of the factors that influence customer loyalty and the strategies that can be applied to increase their satisfaction (Jaya, 2020). Qualitative research is considered appropriate for exploring customers' experiences and perceptions in detail, thereby capturing the dynamics and processes that influence loyalty. Data collection methods included in-depth interviews, satisfaction surveys, and document analysis. Interviews were conducted with customers who have deposit products to obtain information related to their satisfaction, experiences, and the factors that shape their loyalty. A satisfaction survey was conducted to measure the level of customer satisfaction with deposit services and identify aspects that need improvement. Additionally, document analysis was performed on internal documents of BMT-UGT Sidogiri, such as policies, annual reports, and promotional materials related to deposit products.

The data obtained were analyzed descriptively to identify the main themes related to customer loyalty, such as service quality, product benefits, and communication effectiveness (Juniatmoko, 2019). Triangulation was used to ensure data validity by comparing findings from various sources. To maintain reliability, this study applied systematic data collection procedures and accurate documentation. The research procedures included instrument preparation, data collection through interviews and surveys, and data analysis to identify the main factors influencing customer loyalty and evaluate the implemented loyalty enhancement strategies. The findings of this study are expected to provide valuable insights for BMT-UGT Sidogiri Branch Pamekasan and other financial institutions in enhancing customer loyalty through appropriate and data-driven strategies.

## **RESULT AND DISCUSSION**

### **Strategies for Strengthening Customer Loyalty in Deposit Products**

Strategies in strengthening or maintaining customer loyalty are the key to success and the basis for building success at the BMT. Marketing strategy is also the main key to running or maintaining customer loyalty. Therefore, it is very necessary for institutions that run products or services with the intention that all plans that have been prepared can be implemented with predetermined goals to make the company more advanced and better in the future. Like a company in general that offers products or services, BMT UGT Sidogiri Pamekasan Branch also has products to be developed, one of which is a fund-raising product, especially deposit products. In the process of retaining existing customers, the BMT UGT

Sidogiri Pamekasan branch has a special strategy for retaining its customers. Deposits are one of the services offered by the BMT UGT Sidogiri Pamekasan branch to invest in the long term for its members. Customer loyalty is the key to the success of a business in establishing a long-term relationship between the company and its members. Similarly, BMT UGT Sidogiri Pamekasan branch strives to establish the best possible relationship with existing members or customers.

### **Strategy Marketing**

Strategy is one of the factors that plays a very important role for the company, because the company will experience many obstacles in achieving its goals if it does not have a good strategy. Strategic *marketing* is every effort to achieve conformity between the company and the environment to find a solution to the problem of determining the two main considerations. (Rahman, F, Sudarmiatin, Hermawan, 2023). First, what business will be run? Second, how the business that has been determined can be run properly and successfully in a competitive environment based on products, prices, promotions, and distribution to serve its target market (Adriwati dkk., 2023).

### **Customer Loyalty**

Loyalty is a word that describes loyalty or obedience to an organization, movement, or individual. Customer loyalty has behavior and includes the prospect, likeness, and future intentions (Alexander & Jaakkola, 2015). Based on this statement, the company will always strive to maintain its performance as best as possible to provide services that satisfy its customers (Kurniawaty dkk., 2024). Kotler, (2020) states that customer loyalty has an important role in a financial institution. Retaining them means improving financial performance and maintaining the survival of a financial institution. This is the main reason for a company to continue to look for customers and retain those customers (Rahman dkk., 2023).

### **Simpanan Storage**

Deposits are deposits that are based on a contract and can only be taken following the initial agreement. The deposit is determined by the time that has been agreed, 1, 3, 6, 12, and 24 months, so that it is profitable for the financial party to manage the customer's deposits in the long term, while for the customer, the deposit offers profit sharing with the profit-sharing method for Islamic finance and interest rates for conventional finance. According to Law No. 10/1998, Article 1, paragraph 7, which defines deposits as deposits whose withdrawal can only be made at a certain time based on the customer's agreement with the depositor or can be called a financial institution (Kadir & Rahman, 2022). According Ramin, (2023) BMT UGT Sidogiri branch of the Pamekasan branch has a strategy for *marketing* in maintaining customer loyalty,

namely:

a. Employee Hospitality

The form of employee friendliness given by BMT UGT Sidogiri Pamekasan branch is in the form of smiles, greetings, and greetings to its members. The greeting smile is the most important marketing strategy in maintaining the loyalty of deposit customers because with the friendliness of members feel comfortable. Because this friendliness must be applied by all employees of the BMT UGT Sidogiri Pamekasan branch, whether in the office or when outside the office. With the comfort of members, the closeness of members to employees will be created so that trust from members arises, and it is possible that customers will continue to use deposit products and will recommend them to their closest relatives.

b. Responsive Attitude

The responsive attitude shown by BMT UGT Sidogiri employees of the Pamekasan branch is to respond to complaints from members while saving their funds. With the complaint, it is for the good of BMT to be better in the future. From the results of the interviews, the researcher can conclude that the solutions taken by the BMT UGT Sidogiri Pamekasan branch include:

1. Ball shuttle system

The football shuttle system is a *marketing strategy* that is favored by customers who cannot come directly to the BMT UGT Sidogiri office of the Pamekasan branch. So that BMT makes it easier for members who cannot come directly to the office to make transactions. The *Account Officer* (AO) will visit the customer's residence. Members only need to send a message or phone to the AO when they want to make a transaction, both deposit and withdrawal. This service is free of charge to members, so members feel comfortable saving or withdrawing.

2. Mobile Printer Usage

*This Mobile Printer* is used to speed up the recording of deposits. And withdrawals. *This Mobile Printer* is connected to the system owned by the BMT UGT Sidogiri Pamekasan branch. In addition to speeding up services, *mobile printers* also foster greater trust from members, because when the AO inputs the nominal deposit, it will immediately enter the system and print the receipt, containing the final balance of the customer's deposit. In addition, the passbook does not need to be carried at all times, enough when it is necessary to print transactions.

There is another opinion about the form of customer loyalty, the researcher got This informant from BMT, who, according to BMT, is loyal to the Deposit product. Some opinions from customers of the BMT UGT Sidogiri Pamekasan branch That can be concluded:

a. Provide customer satisfaction

In running a product or service, customer satisfaction is very important in maintaining customer loyalty. Likewise with BMT UGT Sidogiri Pamekasan branch. Because the strategy can be said to be successful if it results in customer satisfaction. The higher the quality of the product and the better the service, the satisfaction will come by itself.

b. Make purchases regularly

Customers who buy products regularly are loyal. Customers loyalty refers more to the form of behavior from the customer's decision-making unit to make continuous purchases or renewals of the products or services of a chosen company. The customer's decision to buy or extend a product or service is very important in shaping customer loyalty. Without a purchase or renewal, there will be no such thing as customer loyalty. Loyal customers will reject competition from other companies or financial institutions.

c. Recommend to relatives.

The existence of customer satisfaction will be able to establish a harmonious relationship between customers and BMT. Creating a good basis for repurchase As well as creating customer loyalty and forming word-of-mouth recommendations that can benefit the company. Loyal customers voluntarily recommend to their friends or colleagues.

Based on the strategy that has been raised, it must be the best strategy. For BMT. For this reason, the BMT UGT Sidogiri Pamekasan branch is expected to continue to improve its role in maintaining the loyalty of its customers to meet the expectations of customers, so that what is expected of customers will be the same. As is done, and to maintain loyalty, BMT continues to pay attention to what is desired by its customers in deposit products, and continues to be able to compete with Other financial institutions. Every financial institution must have a deposit product.

Based on the results of research that has been carried out by BMT UGT Sidogiri, the Pamekasan branch in maintaining customer loyalty is very important, making it the most important thing in the banking world to retain customers. The strategy that has been Set by BMT can attract and attract its customers. Because the existing strategy Can attract customers to remain loyal, not only because it benefits BMT, but also Because customers feel benefited by the strategy that has been set by BMT. Customer loyalty tends to make customers

buy or use the product. Repeatedly provide the best possible strategy for customers to feel. Satisfied with the product being marketed. Customer loyalty behavior is relatively stable in The long-term is carried out by customers to resubscribe to the product.

### **Achievements and Obstacles in Strengthening Customer Loyalty in Deposit Products**

Every business run by a company will have an achievement, and every time it faces running a business, both in terms of product and service. Likewise, BMT UGT Sidogiri Pamekasan branch has the following achievements and obstacles:

#### **Achievements in strengthening customer loyalty in deposit products**

Every company that runs products or services will have its achievements in running its business, as well as the BMT UGT Sidogiri Pamekasan branch. Here is one of the biggest achievements for the BMT UGT Sidogiri branch of the Pamekasan branch, namely:

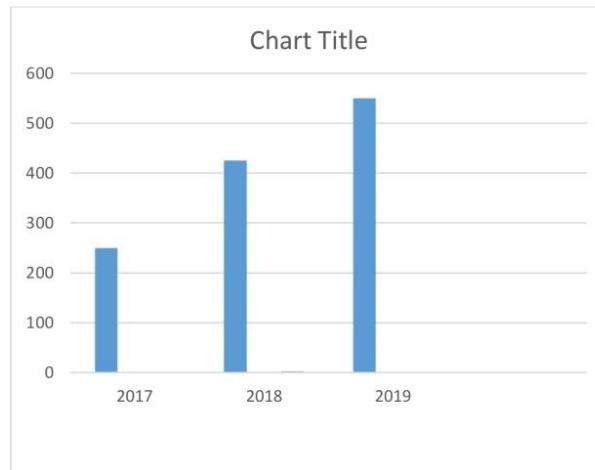
a. Positive response from customers

Positive response from customers is the biggest achievement for an Islamic financial institution in marketing products. Moreover, the product raises funds because many people prefer to raise funds in conventional banks rather than Islamic financial institutions. For example, like deposits, many customers prefer to deposit their money in conventional rather than Islamic financial institutions. However, at BMT UGT Sidogiri, the Pamekasan branch of deposit products had a positive response because the application did not deviate from sharia principles.

b. Always exceed the target

Exceeding the target in any financial institution, whether sharia or conventional, is an extraordinary achievement in marketing. Whether it's in terms of retaining customers or looking for new ones. Especially for BMT, it must be an extraordinary achievement because the public is not very familiar with BMT. Likewise, the BMT UGT Sidogiri branch of the Pamekasan exceeded the target in every marketing of its deposit products, which is the biggest achievement for BMT. Exceeding the target in a company shows that the strategy we are following is successful.

It can be seen from the development of the last three years, from 2017-2019, which has increased and always exceeded the target. It can be seen from the diagram below:



Based on the diagram above, it is clear that from 2017 to 2019, there has been an increase, where in 2017 there were 250 customers, in 2018 there were 425 customers, and in 2019 there were 550 customers. From the diagram, it can be concluded that those interested in depositing at the BMT UGT Sidogiri Pamekasan branch are in demand and accepted by the community. Because every year it has increased.

### **Obstacles in strengthening customer loyalty to deposit products**

Efforts to maintain customer loyalty to deposit products at financial institutions are not easy. Because maintaining is more difficult than finding new customers, so too does BMT UGT Sidogiri Pamekasan branch also has obstacles in carrying out *marketing strategies* on all products, especially on deposit products. The author found several problems that occurred, namely, a Lack of customer knowledge on profit-sharing contracts. Customer knowledge of profit-sharing contracts is a separate obstacle for Islamic financial institutions, especially for the BMT UGT Sidogiri Pamekasan branch. Some customers at the BMT UGT Sidogiri Pamekasan branch are not aware of the profit-sharing contract, which causes comparisons with conventional financial institutions, where conventional financial institutions use an interest system. What is clear is that the flower system in Islam is not allowed.

### **CONCLUSIONS**

The *marketing* strategy in maintaining customer loyalty to deposit products at the BMT UGT Sidogiri Pamekasan branch is employee friendliness and responsiveness. The responsive attitude that has been carried out is the ball shuttle system, transactions using *Mobile Printers*. The form of loyalty of the masabah is to give satisfaction to the naasabah, make purchases regularly, and recommend to relatives. The achievement that BMT UGT Sidogiri Pamekasan branch often gets is the responsive nature of customers to the service that BMT has provided, and the profit sharing that is quite extraordinary. And what makes a very extraordinary achievement is that the deposit itself always exceeds the target every year. One of the obstacles that the BMT UGT Sidogiri branches naturally have is the lack of knowledge of profit-sharing



contracts. And the second is improper withdrawal of deposits within a predetermined time.

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