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The Effect of Service Quality on Member Loyalty through Satisfaction in Islamic Financial Cooperatives: Evidence from West Java, Indonesia

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Abstract

This study aims to analyze the effect of service quality on member loyalty through member satisfaction at Sharia Savings and Loans and Financing Cooperatives (KSPPS) in West Java Province. Service quality is a crucial factor in maintaining the sustainability of Sharia cooperatives, given that members act as both owners and users of services. The study employed a quantitative approach with a survey method of KSPPS members who had used the cooperative's services for at least one year. Data analysis was conducted using Structural Equation Modelling (SEM). The results showed that service quality had a positive and significant effect on member satisfaction. Furthermore, service quality also positively impacted member loyalty. Member satisfaction was shown to significantly influence loyalty and act as a mediating variable in the relationship between service quality and member loyalty. These findings confirm that improving service quality, encompassing reliability, responsiveness, assurance, empathy, and tangibles, can increase satisfaction and strengthen loyalty among Sharia cooperative members. This research contributes to the development of SERVQUAL theory and Sharia cooperative management, and serves as a basis for KSPPS managers in formulating service improvement strategies oriented towards member satisfaction and loyalty.

Keywords: *Service Quality, Member Satisfaction, Member Loyalty, KSPPS, Sharia Cooperatives.*

INTRODUCTION

Sharia cooperatives are microfinance institutions that play a strategic role in community economic empowerment based on Islamic principles. Sharia cooperatives serve not only as institutions providing financial services but also as a means to promote equitable welfare, increase members' economic independence, and strengthen an economic system based on Sharia values (Sakuroh, 2025). The success of a Sharia cooperative is determined not only by its ability to raise and distribute funds effectively, but also by its ability to build and maintain long-term member loyalty. Member loyalty is a crucial asset because members play

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a dual role as both owners and users of cooperative services. This creates a mutually dependent relationship between the cooperative and its members, where the success of the cooperative directly impacts the welfare of its members, and vice versa (Taufik Syamlan et al., 2026). Therefore, the sustainability of a cooperative is greatly influenced by the level of satisfaction and loyalty of its members, reflected in their consistent use of cooperative services, active participation in organizational activities, and a commitment to remain a member of the cooperative despite the presence of alternative financial institutions (Liu et al., 2024).

Amidst increasing competition from Sharia banks and digital financial institutions, Sharia cooperatives are required to continuously improve the quality of their services to maintain the trust and loyalty of their members (Hasibuan et al., 2026). Technological developments and the increasing diversity of financial services have led to members having increasingly high expectations regarding the speed, convenience, and professionalism of services provided (Athief et al., 2022). Various studies have shown that service quality is a key factor influencing customer satisfaction and loyalty in the financial services sector, making improving service quality a crucial strategy for strengthening the competitiveness of Islamic cooperatives. In the context of Islamic cooperatives, service delivery takes place within an institutional environment shaped by Islamic values such as fairness, trustworthiness, transparency, and responsibility (Djajanto et al., 2026). These values provide an important contextual characteristic of KSPPS service delivery, while the empirical measurement of service quality in this study remains based on the five conventional SERVQUAL dimensions. Within this context, members' perceptions of service quality may contribute to their satisfaction and loyalty, particularly because service experiences occur within a cooperative institution guided by Islamic principles (Elshaer et al., 2025).

Despite the generally recognized importance of service quality, Islamic cooperatives continue to face substantial challenges in maintaining member loyalty amid increasing competition from Islamic banks, digital financial services, and other microfinance institutions. Previous studies suggest that members of Islamic financial institutions value services that are reliable, responsive, and professionally delivered within an institutional environment consistent with Islamic principles such as fairness, transparency, and trustworthiness (Hatem Falih et al., 2025). These contextual expectations may shape members' evaluations of their service experiences and, consequently, their satisfaction and loyalty. These challenges highlight the importance of understanding the mechanisms through which service quality contributes to member satisfaction and loyalty within the distinctive organizational context of Islamic cooperatives (Elmadag et al., 2025).

Although the relationships between service quality, customer satisfaction, and loyalty have been extensively investigated in banking, microfinance institutions, and cooperative settings, previous studies have largely focused on customer-based financial institutions where

customers primarily act as service recipients. Comparatively less attention has been given to Islamic Savings and Loans and Financing Cooperatives (KSPPS), in which members simultaneously function as owners and users of cooperative services. This dual role, together with the implementation of Sharia principles emphasizing fairness, transparency, and collective welfare, may influence how service quality translates into satisfaction and long-term loyalty. Consequently, the mechanisms identified in conventional financial institutions cannot be assumed to operate identically within the KSPPS context. This study therefore examines whether member satisfaction serves as a mechanism linking service quality and member loyalty in Islamic savings and loan cooperatives (KSPPS). By focusing on the organisational characteristics of KSPPS, particularly the dual role of members as owners and users of cooperative services, this study provides empirical evidence on the applicability of the service quality–satisfaction–loyalty framework within a member-based Islamic financial institution. Rather than proposing a new Sharia-specific service-quality dimension, the study contextualises the established SERVQUAL dimensions within the KSPPS setting.

LITERATURE REVIEW

Management

In Islamic savings and loan cooperatives, management provides a general organizational foundation for coordinating resources and services while maintaining principles of fairness, transparency, member participation, and welfare (Robbins & Coulter, 2018; Yasmeen, 2026). These principles are particularly relevant because cooperative members are not merely customers but also stakeholders who participate in and benefit from the organization (Novkovic, 2022).

In the context of Islamic cooperatives, management principles emphasize not only efficiency and effectiveness but also uphold Islamic values such as fairness, transparency, welfare, and member participation as key elements of governance (Asadbak & Rastgar, 2026).

Service Management Theory views service management as a strategic effort to create value through effective, efficient, and consistent interactions between service providers and customers (Grönroos, 1990). In Islamic savings and loan cooperatives, this perspective suggests that service systems, technology, and human resources should be managed cohesively to deliver reliable and responsive services. The quality of these service interactions provides the foundation for members' evaluations of service performance and consequently contributes to member satisfaction and loyalty (Ahmad et al., 2022).

Service Quality

Service quality is conceptualized in this study using the SERVQUAL framework, which provides a widely established approach for evaluating service performance from the customer's perspective (Bhattacharya et al., 2023). SERVQUAL comprises five dimensions that

are particularly relevant for evaluating service delivery in Islamic savings and loan cooperatives:

1. Tangibles: The physical appearance of facilities, equipment, technology, and communication media (Jin & Liu, 2022).
2. Empathy: Caring and personal attention to the unique needs of each member (Nembhard et al., 2023).
3. Reliability: The cooperative's ability to provide services accurately and consistently (de Sousa et al., 2024).
4. Responsiveness: The readiness and speed in assisting members and responding to their needs (Figueiredo et al., 2026).
5. Assurance: The knowledge, competence, and professional attitude of staff build a sense of security and trust (Huda, 2024).

The SERVQUAL dimensions can be applied to both conventional and digital service encounters in Islamic savings and loan cooperatives. In digital contexts, these dimensions may be reflected in the functionality of cooperative applications, the responsiveness of online customer service, the clarity of digital information, and the quality of communication provided to members (Gomes et al., 2024).

In this study, the five conventional SERVQUAL dimensions are contextualised to the specific service environment of KSPPS. Tangibles refer to the physical facilities, service equipment, and communication or digital interfaces through which members access cooperative services. Reliability concerns the accuracy, consistency, and dependability of savings, financing, and other cooperative transactions (Liu et al., 2025). Responsiveness refers to the readiness and speed of KSPPS personnel in responding to members' requests, enquiries, and service problems. Assurance concerns the knowledge, competence, professionalism, and ability of employees to create confidence and security in cooperative transactions. Empathy refers to the individualised attention provided by KSPPS and the extent to which employees understand and respond to members' specific needs. Thus, the conventional SERVQUAL dimensions are retained as the empirical measures of service quality, while the Islamic character of KSPPS provides the institutional context in which these service experiences are evaluated (Kataria & Rajput, 2026).

Although Islamic values such as fairness, transparency, trustworthiness, and responsibility are relevant to the institutional identity of KSPPS, they are not treated as additional service-quality dimensions in the present study because they were not separately operationalised and empirically validated as latent constructs. Accordingly, the study does not claim to develop or extend SERVQUAL by introducing a distinct Sharia-specific dimension. Instead, it examines whether the established SERVQUAL dimensions remain applicable when service quality is evaluated within the institutional and relational context of an Islamic cooperative.

Member Loyalty

The applied theory in this study refers to the Customer Satisfaction and Loyalty Model, which has been widely used in empirical research to

explain the causal relationship between service experience, perceived quality, and consumer loyalty (Zeithaml et al., 1996). This model emphasizes that customer satisfaction acts as a mediating variable linking the influence of service quality and digital interactions on long-term loyalty (Yum & Yoo, 2023).

Member loyalty refers to members' continuing commitment to use cooperative services, maintain their relationship with the cooperative, recommend its services to others, and participate in cooperative activities (Griffin, 2005). In Islamic savings and loan cooperatives, loyalty may extend beyond repeated transactions because members may also develop social and value-based attachments to the cooperative (Osman et al., 2025). From the perspective of Dick and Basu (1994), loyalty is determined by the interaction between relative attitude and repeat patronage behavior, allowing loyalty to be understood as both an attitudinal and behavioral outcome. This perspective is relevant to the present study because member loyalty represents the behavioral and attitudinal outcome that may emerge from positive evaluations of service quality and satisfaction (Albuquerque & Ferreira, 2022). Based on the combination of these two dimensions, loyalty can be classified into four categories: true loyalty (high attitudes and behaviors), pseudo-loyalty (high behaviors but low attitudes), latent loyalty (high attitudes but low behaviors), and no loyalty (both low). This model helps identify various forms of cooperative member attachment to the institution (Surbakti & Chumwatana, 2026).

Member Satisfaction

Member satisfaction is a key outcome of members' evaluations of the services provided by Islamic savings and loan cooperatives. It reflects members' overall assessment of whether their service experience meets, exceeds, or falls below their prior expectations (Kotler & Keller, 2016; Oliver, 1980). When perceived service performance meets or exceeds expectations, positive disconfirmation is expected to produce satisfaction, whereas performance below expectations may result in dissatisfaction (Hien et al., 2024).

Expectancy Disconfirmation Theory (EDT), developed by Oliver (1980), provides the primary theoretical basis for explaining member satisfaction in this study. EDT proposes that satisfaction is formed through a comparison between prior expectations and perceived performance. When perceived service performance meets or exceeds expectations, positive disconfirmation produces higher satisfaction, whereas performance below expectations produces negative disconfirmation and dissatisfaction (Schiebler et al., 2026). Accordingly, higher perceived service quality is expected to generate more favourable evaluations of the service experience and, consequently, higher member satisfaction (Marcos & Coelho, 2022).

Based on Expectancy Disconfirmation Theory (EDT), member satisfaction is primarily reflected in members' overall evaluation of whether the services received meet or exceed their prior expectations.

Accordingly, this study conceptualizes member satisfaction as a post-consumption evaluative judgment resulting from the comparison between expected and perceived service performance (Carraher-Wolverton & Hirschheim, 2023). The construct therefore emphasizes members' cognitive and affective evaluations of service experiences, whereas subsequent behavioral outcomes such as continued service use and recommendations to others are treated as manifestations of member loyalty rather than indicators of satisfaction:

1. Expectations and Perceptions: This dimension is central to EDT, as satisfaction is formed from the difference between what is expected and what is received. When customers perceive that the quality of service, transaction processes, or experience using a digital platform matches or exceeds their expectations, they will feel satisfied. Conversely, if there is a significant discrepancy, they will feel disappointed (Tjiptono, 2012).
2. Dissatisfaction (Negative Disconfirmation): Reflecting the EDT theory, this dimension indicates a negative outcome from comparing expectations and performance. Dissatisfaction occurs when service is perceived to be far below a member's expectations. While this indicator may seem contradictory, it is crucial to capture data on significant discrepancies so that the cooperative can make appropriate service improvements (Lee et al., 2022).

Theoretical Relationships and Hypotheses

The theoretical framework of this study integrates Service Management Theory, the SERVQUAL framework, and Expectancy Disconfirmation Theory to explain the relationship between service quality, member satisfaction, and member loyalty. Service Management Theory provides the broader perspective that effective management of service systems, technology, and human resources contributes to the creation of value through service interactions. Within this perspective, SERVQUAL provides the dimensions through which members evaluate service quality, namely tangibles, empathy, reliability, responsiveness, and assurance. The resulting evaluation of service performance is then explained through Expectancy Disconfirmation Theory, whereby members compare perceived performance with their prior expectations. When perceived service quality meets or exceeds expectations, positive disconfirmation is expected to increase member satisfaction. Satisfaction subsequently represents an important attitudinal outcome that may encourage continued patronage, recommendation, and commitment to the cooperative, thereby contributing to member loyalty. Thus, the proposed causal relationship is that service quality influences member satisfaction, while both service quality and member satisfaction may influence member loyalty.

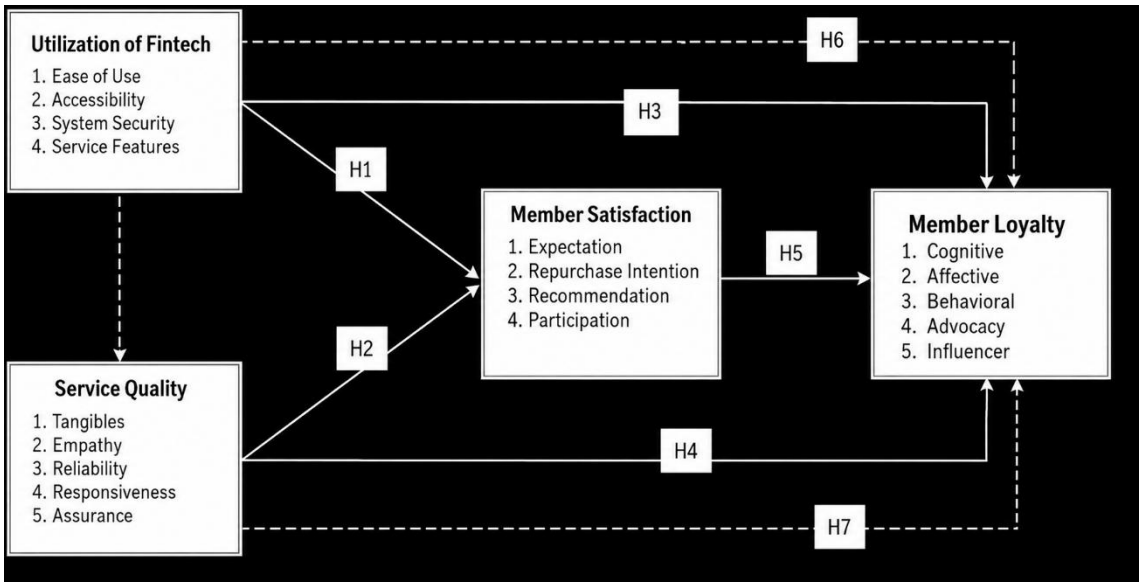


Figure 1. Theoretical Framework

METHOD

This study uses a quantitative approach with an explanatory survey method to explain the causal relationship between service quality, member satisfaction, and member loyalty. The study population includes all members of the Sharia Savings and Loans and Financing Cooperative (KSPPS) in West Java Province who actively use cooperative services. Based on data from the Ministry of Cooperatives and SMEs and BMT West Java (2024), the population comprised 145,705 active KSPPS members. The sample was determined using a purposive sampling technique with the criteria of respondents having been members for at least one year, having used cooperative services more than once, and being willing to complete the research questionnaire. In addition, respondents were required to have actively participated in cooperative savings, financing, or digital transaction activities. The minimum sample size was determined based on the complexity of the proposed Structural Equation Model. Following Hair et al. (2019), SEM requires an adequate sample size to obtain stable parameter estimates, particularly for models involving multiple latent constructs and mediation effects. Following the commonly applied SEM rule of thumb, the recommended sample size ranges from five to ten observations per indicator. Since the proposed model comprised 42 observed indicators, the recommended sample size ranged from 210 to 420 respondents. A total of 337 valid responses were included in the final analysis, indicating that the sample size was sufficient for reliable parameter estimation and hypothesis testing using SEM. Data were collected using a structured questionnaire developed from established theoretical constructs relevant to each latent variable. The measurement model adopted a confirmatory approach, in which all indicators were derived from validated theoretical frameworks. The data were analysed using Covariance-Based Structural Equation Modeling (CB-SEM) with the Maximum Likelihood estimation method implemented in LISREL software. CB-SEM was selected because the primary objective

of this study was theory testing by examining the overall fit of the proposed theoretical model while simultaneously estimating both direct and indirect relationships among the latent constructs.

RESULT AND DISCUSSION

Model Evaluation

Model evaluation in Structural Equation Modeling (SEM) aims to assess whether the theoretical model constructed fits the empirical data. Evaluation is conducted systematically because SEM simultaneously tests latent relationships and indicators. In general, model evaluation in SEM is divided into two main parts: the measurement model and the structural model.

Goodness of Fit (GOF) or model fit testing is a statistical procedure used to assess whether a research model is appropriate to empirical data obtained in the field. In SEM, researchers build models based on theories that describe the relationships between latent variables and indicators. GOF is used to evaluate whether the relationship structure is able to represent the actual conditions in the research data. The model fit assessment uses goodness of fit criteria including Chi-square, probability, RMSEA, GFI, AGFI, CMIN/DF, TLI, and CFI. The structural model was evaluated using several goodness-of-fit indices to assess the consistency between the proposed theoretical model and the observed data. Model evaluation was conducted after the estimation process, and the final model demonstrated an acceptable overall fit according to the reported fit indices.

Table 1. Goodness of Fit

Degree of Match Measure	Value	Acceptable level of compatibility	Information
Absolute Fit Test			
Chi Square	719.83	*Smaller value indicates better fit*	Fit
Probability (P-value)	0.98558	*>0.05*	
Root Mean Square Error of Approximation (RMSEA)	0,000	RMSEA< 0.05 (*close-fit*)	Fit
Incremental Fit Measures			
Adjusted Goodness of Fit Index (AGFI)	0,94	AGFI> 0.8	Fit
Goodness of Fit Index (GFI)	0.95	GFI > 0.80	Fit
Normed Fit Index (NFI)	0.97	NFI > 0.90	Fit
Parsimonious Fit Measures			
Parsimonious Normed Fit Index (PNFI)	0.90	PNFI > 0.80	Fit
Parsimonious GFI (PGFI)	0.85	PGFI > 0.80	Fit

The goodness-of-fit assessment indicates that the proposed structural model achieved an acceptable level of overall fit based on the reported fit indices. These indices were used to evaluate the consistency between the theoretical model and the observed data prior to hypothesis testing. Overall, the reported results suggest that the measurement and structural models were considered adequate for subsequent analysis.

The Chi-Square test is used to compare the sample covariance matrix with the model covariance matrix. In SEM, a model is considered

good if the probability value (p-value) is > 0.05, meaning there is no significant difference between the model and the empirical data. In the table, the p-value of 0.98558 indicates a very good fit for the data, thus declaring the model a good fit.

Measurement models assess the relationship between latent variables and their indicators. The goal is to ensure that the constructs used are valid and reliable. The calculation results found that each question item (indicator) against its construct (dimensions and variables), has a loading factor of more than 0.50 and all question items used to explain the construct indicators, have a calculated t greater than the t table of 1.96, so it can be concluded that all question items used to measure the construct indicators, can explain the construct well (valid). All constructs have a composite reliability greater than the critical value of 0.7 and an AVE value > 0.50, so it can be concluded that all constructs are reliable.

Substantively, the results of validity and reliability testing indicate that the constructs used in this study adequately represent the underlying theoretical concepts. The Service Quality construct represents members' perceptions of the quality of service provided by KSPPS. Similarly, the Member Satisfaction and Member Loyalty constructs were proven to explain member behavior in accordance with the theoretical framework developed in this study.

These results provide a strong empirical basis for demonstrating that the measurement model meets the statistical and conceptual requirements and can be used to test causal relationships between variables in the structural model.

Hypothesis Testing Results

Table 2 presents the results of hypothesis testing conducted to determine the relationships between variables in the research model. This test is used to evaluate the significance of direct and indirect influences based on the path coefficient, t-statistic, and p-value, thus determining whether each research hypothesis is accepted or rejected.

Table 2. Hypothesis Testing Results

No	Structural Model	*Path Coefficients*	*Standard Error*	t count	P Values	Information
H1	Service quality has a positive and significant effect on member satisfaction	0.49	0.04	10.95	0.000	Significant
H2	Service Quality has a positive and significant effect on member loyalty	0.30	0.06	4.91	0.000	Significant
H3	Satisfaction has a positive and significant effect	0.48	0.10	4.67	0.000	Significant

	on member loyalty.					
H4	Service quality has a positive and significant effect on member loyalty through satisfaction.	0.24	0.05	4.41	0.000	Significant

The results of the first hypothesis test indicate that service quality has a positive and significant effect on member satisfaction with a p-value of 0.000 < 0.05. This result indicates that improving service quality will increase member satisfaction. The path coefficient value of 0.49 indicates a t-value greater than 1.96, and a p-value smaller than 0.05 proves that the relationship is statistically significant. The R^2 value of 0.24 indicates that service quality is able to explain 24% of member satisfaction. This means that service quality has a fairly strong influence on member satisfaction. Therefore, the first hypothesis is accepted.

Testing the second hypothesis showed that service quality has a positive and significant effect on member loyalty, with a p-value of 0.000 < 0.05. This result indicates that the better the service quality provided, the greater the member loyalty. The R^2 value of 0.09 indicates that service quality can explain 9% of member loyalty. Therefore, the second hypothesis is accepted.

Testing the third hypothesis shows that member satisfaction has a positive and significant effect on member loyalty, with a p-value of 0.000. The positive path coefficient indicates that higher levels of member satisfaction increase member loyalty. The R^2 value of 0.23 indicates that member satisfaction can explain 23% of member loyalty. Therefore, the third hypothesis is accepted.

The results indicate that the indirect effect of service quality on member loyalty through member satisfaction is statistically significant. In addition, the direct effect of service quality on member loyalty also remains statistically significant. These findings suggest that member satisfaction plays a mediating role in the relationship between service quality and member loyalty. The mediation interpretation is based on the significance of both the direct and indirect relationships identified in the structural model. This indicates that service quality can increase member loyalty both directly and through increased member satisfaction. Therefore, the fourth hypothesis is accepted.

The findings demonstrate that service quality is positively associated with member satisfaction and member loyalty in KSPPS, while satisfaction is also positively associated with loyalty. These relationships are broadly consistent with evidence from cooperative and Islamic financial contexts. Arizal and Seswandi (2019), for example, found that service quality influenced satisfaction and subsequently affected the loyalty of savings and credit cooperative members, while Safittri and Riyaldi (2022) reported that service quality significantly affected satisfaction and indirectly contributed to loyalty among members of

Islamic cooperatives. Similarly, research on Islamic banks has shown that service quality contributes to both satisfaction and loyalty, indicating that the importance of service performance extends across different forms of member- and customer-based financial institutions.

Nevertheless, the present findings should not be interpreted as evidence that all dimensions of service quality contribute equally to member outcomes. The Service Quality construct comprises the five conventional SERVQUAL dimensions of tangibles, reliability, responsiveness, assurance, and empathy, but the present structural model does not provide dimension-level comparative statistics. Therefore, no individual dimension can be identified as the dominant driver of satisfaction or loyalty. This distinction is important because evidence from cooperative settings suggests that service quality may acquire additional relational and institutional meanings. For example, research on cooperatives has identified transparency in management reporting as an important complement to the assurance dimension because members also evaluate the openness and accountability of the cooperative in which they place their funds (Meira et al., 2022).

Member satisfaction has a positive and significant relationship with member loyalty, although the relatively modest explanatory power of the model indicates that satisfaction should not be regarded as the sole or necessarily primary determinant of loyalty. The R^2 value of 0.23 indicates that satisfaction explains 23% of the variance in member loyalty, leaving substantial variation to be explained by other factors. This finding is consistent with research in Islamic financial institutions showing that loyalty is shaped not only by satisfaction but also by service quality, trust, and Sharia compliance. Santoso and Ibrahim (2022), for instance, found that Sharia compliance, service quality, customer trust, and customer satisfaction each had significant direct effects on loyalty among Islamic rural bank customers. Evidence from Islamic cooperative research likewise indicates that Sharia governance can contribute to loyalty alongside service quality and satisfaction.

Accordingly, the relatively limited explained variance in the present study should be interpreted as an indication that member loyalty in KSPPS is multidimensional rather than being determined predominantly by satisfaction alone. Members may remain loyal because they trust the institution, perceive it as compliant with Islamic principles, identify positively with its institutional image, face switching barriers, benefit from convenient digital services, or participate actively in cooperative activities. These factors may operate alongside satisfaction and help explain why a substantial proportion of loyalty remains outside the explanatory scope of the current model.

The research findings are consistent with the SERVQUAL framework developed by Parasuraman et al. (1985), which conceptualises service quality through tangibles, reliability, responsiveness, assurance, and empathy. In the context of KSPPS, these five dimensions provide a framework for evaluating members' perceptions of service quality. However, the present analysis does not provide sufficient dimension-level

comparative evidence to establish that one particular SERVQUAL dimension is more influential than the others. Accordingly, the findings support the overall relevance of the SERVQUAL framework in the KSPPS context without assigning dominance to a specific service-quality dimension.

The positive relationship between service quality and satisfaction is also consistent with the broader satisfaction literature, but the cooperative context indicates that satisfaction may reflect more than the fulfilment of immediate service expectations. In KSPPS, members may evaluate service encounters together with their perceptions of reliability, security, institutional responsibility, and conformity with Islamic principles. This interpretation is consistent with research in Islamic financial institutions showing that service quality operates alongside Sharia compliance and trust in shaping customer loyalty. Therefore, satisfaction in the present context can be understood as an overall evaluation of the member's relationship with the institution rather than simply a response to the speed or professionalism of individual service encounters.

The positive association between satisfaction and loyalty is consistent with previous evidence from cooperative and Islamic financial settings, but the findings also indicate that satisfaction alone does not fully account for members' loyalty. Studies of cooperatives have identified service quality, trust, institutional image, and governance-related factors as additional considerations in maintaining member relationships, while research in Islamic financial institutions has demonstrated that trust and Sharia compliance can independently contribute to loyalty. This suggests that loyalty in KSPPS is better understood as a relational outcome formed through repeated evaluations of service experiences together with institutional confidence and perceived value. Consequently, satisfaction represents an important pathway toward loyalty, but it should not be treated as a complete explanation of why members maintain their relationship with the cooperative.

From the perspective of Islamic cooperatives, member loyalty should be interpreted within a distinctive institutional context in which members function not only as users of financial services but also as members of the cooperative. This dual position can create relational and organisational motivations that are less prominent in conventional customer-provider relationships. Previous research on Islamic cooperatives has demonstrated that Sharia governance can influence satisfaction and loyalty alongside service quality, suggesting that institutional and religious dimensions may complement conventional service evaluations. Similarly, research on cooperative member loyalty has emphasised the relevance of institutional image and governance in maintaining member relationships. However, because Sharia value attachment, institutional image, trust, switching barriers, digital-service quality, and member participation were not separately operationalised in the present model, their influence should not be interpreted as an empirical finding of this study. Rather, these factors provide plausible

explanations for the portion of member loyalty that remains unexplained by service quality and satisfaction.

The mediation results provide a further explanation of how service quality contributes to member loyalty. Because both the direct effect of service quality on loyalty and the indirect effect through satisfaction are significant, satisfaction functions as a partial rather than a full mediator. This finding is consistent with Safittri and Riyaldi (2022), who also identified a partial mediating role of member satisfaction in the relationship between service quality and loyalty in sharia cooperatives. The partial mediation is theoretically meaningful because it indicates that improvements in service quality can strengthen loyalty through two pathways: by increasing members' satisfaction and through mechanisms that operate independently of satisfaction.

One possible explanation is that members may interpret service quality as evidence of institutional reliability and trustworthiness, allowing favourable service experiences to influence loyalty even when their effect on satisfaction is not fully captured by the model. In Islamic financial institutions, Sharia compliance and institutional trust may also provide independent reasons for maintaining a relationship with the institution. Institutional image, switching barriers, digital-service quality, and member participation may likewise contribute to loyalty without necessarily operating entirely through satisfaction. These possibilities help explain both the persistence of the direct service-quality effect and the relatively limited R^2 for member loyalty. They also indicate that future research should extend the present model by incorporating relational, institutional, technological, and participation-related variables.

CONCLUSION

This study demonstrates that service quality has a positive and statistically significant effect on the satisfaction of KSPPS members in West Java Province. These findings indicate that improvements in the quality of services provided by the cooperative are capable of increasing members' overall satisfaction with the services they receive. In addition, service quality is also found to have a direct and significant positive influence on member loyalty, suggesting that members are more likely to remain committed to the cooperative when they perceive its services as reliable, responsive, and consistent with their expectations. Furthermore, the results confirm that member satisfaction has a positive and significant effect on member loyalty, indicating that satisfied members are more inclined to continue using the cooperative's services, maintain long-term relationships, and actively participate in cooperative activities. The findings further reveal that member satisfaction serves as a significant mediating variable in the relationship between service quality and member loyalty. This suggests that the influence of service quality on loyalty is not only direct but also indirectly strengthened through the creation of higher levels of member satisfaction. In other words, improvements in service quality contribute to stronger member loyalty by first enhancing members' satisfaction with the cooperative's

performance. Therefore, efforts to increase member loyalty should prioritize the continuous improvement of service quality while ensuring that the services delivered consistently meet or exceed members' expectations. By maintaining high service standards and fostering sustained member satisfaction, KSPPS can strengthen long-term member loyalty and enhance its overall organizational sustainability.

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