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Market Orientation, Service Quality on Customer Satisfaction and Loyalty: Study on Sharia Banking in Indonesia

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Abstract: This study aims to analyze: 1) the effect of market orientation on customer satisfaction. 2) the effect of service quality on customer satisfaction. 3) the effect of market orientation on customer loyalty. 4) the influence of service quality on customer loyalty. 5) the influence of customer satisfaction on customer loyalty. 6) effect of market orientation on customer loyalty through customer satisfaction. 7) service quality towards customer loyalty through customer satisfaction. The sample of this study are 170 respondent; data collection use online-survey. The analysis technique used is Structural Equation Modeling with AMOS. the results of this study show that: 1) market orientation has a positive and significant effect on customer satisfaction. 2) service quality has a positive significant effect on customer satisfaction. 3) market orientation has an insignificant effect on customer loyalty. 4) service quality has a positive-significant effect on customer loyalty. 5) customer satisfaction has a positive-significant effect on customer loyalty. 6) market orientation has a positive and significant effect on customer loyalty through customer satisfaction. 7) service quality affects loyalty through customer satisfaction. improve market orientation so that customer loyalty is acknowledged through customer satisfaction. Further, improve market orientation through customer satisfaction to provide increased fidelity to customers.

Keywords: Market Orientation, Service Quality, Customer Satisfaction, Customer Loyalty.

JEL Classification Code: L1, O14, M00

1. INTRODUCTION

The theoretical concept of Islamic banking first appeared in the 1940s with the idea of profit-sharing-based banking. In this regard, the thoughts of writers include Anwar Qureshi (1946), Naiem Siddiqi (1948), and Mahmud Ahmad (1952). A more detailed description of the preliminary idea of Islamic banking was written by the great Pakistani scholars, namely Abul A'la Al-Mawdudi (1961) and Muhammad Hamidullah (1944-1962). The establishment of the most successful and innovative Islamic banks in modern times was carried out in Egypt in 1963, establishing Mit Ghamr Local Saving Bank. Farmers and rural communities well received the bank. But unfortunately, due to political turmoil in Egypt, Mit Ghamr began to decline. In 1971, the concept of interest-free was finally revived under President Anwar Sadat through the establishment of the Nasser Social Bank. The bank aims to re-run the business based on Mit Ghamr's concepts. The success of Mit Ghamr has inspired Muslims worldwide, so there is an awareness that Islamic principles can still be applied in modern business (Al Nasser & Muhammed, 2013).

At the Session of Foreign Ministers of the Organization of Islamic Conference (OIC) countries in Karachi, Pakistan, in December 1970, Egypt submitted a proposal in the form of a study on the establishment of the International Islamic Bank for Trade and Development (International Islamic Bank for Trade and Development) and a proposal for the establishment of the Federation of Islamic Banks (Federation of Islamic Banks) . The essence of the proposal put forward in the suggestion is that a cooperative system should replace the interest-based financial system with a profit and loss sharing

scheme. Finally, the Islamic Development Bank (IDB) was formed in October 1975, which consisted of 22 founding Islamic countries. The first private Islamic bank was the Dubai Islamic Bank, founded in 1975 by a group of Muslim businessmen from various countries. In 1977, two Islamic banks were established under Faisal Islamic Bank in Egypt and Sudan. In the same year, the Kuwaiti government established the Kuwait Finance House. In 1983, the Indonesian government planned to implement a "profit-sharing system" in credit, a concept of Islamic banking (Rammal & Parker, 2013). The initiative to establish an Indonesian Islamic bank was initiated in 1980 through discussions on the theme of Islamic banks as pillars of the Islamic economy. As a pilot, Islamic banking was put into practice on a relatively limited scale, including in Bandung (Bait At-Tamwil Salman ITB) and Jakarta (Cooperative Ridho Gusti). In 1990, the Indonesian Ulema Council (MUI) formed a working group to establish an Islamic Bank in Indonesia. On August 18–20, August 1990, MUI held a workshop on bank interest and banking in Cisarua, Bogor, West Java. The workshop results were then discussed in greater depth at the IV MUI National Deliberation in Jakarta on 22-25 August 1990, which resulted in the mandate for the establishment of a working group for the establishment of an Islamic bank in Indonesia. The working group is called the MUI Banking Team, and it is assigned to approach and consult with all relevant parties. As a result of the work of the MUI Banking Team, the first Islamic bank in Indonesia was established, namely PT Bank Muamalat Indonesia (BMI), which, according to its deed of establishment, was based on November 1, 1991 (OJK, 2018) (Sari et al., 2016); (Utama, 2018).

Bank customer satisfaction is absolute and essential to face increasingly tough competition. The effort to get or retain customers is by providing quality services to customers, and understanding service is limited to meeting customers' needs and personal satisfaction. If the bank serves with the best and optimal service, it means that the goal of satisfying customers will be sustainable so that customers will feel loyal to the bank. Customer loyalty is a condition that is expected by every company, especially service companies such as banking (Hossain et al., 2021; Mittal & Agrawal, 2022; Roberts-Lombard, 2020). High customer loyalty can indicate the success of a company. Customer loyalty is an intense desire from customers to repurchase a product or service and not switch to another company (Oliver, 1999). Loyal customers will always make repeat purchases in the future if they need the same product or service. This opinion is in line with Alhemoud, (2010) research which proves that customers who are loyal to a product will intend to repurchase the product in the future. Indirectly, customer loyalty can increase the competitiveness of a company. Seeing the role of customer loyalty is crucial for companies, many experts have examined the critical contribution of customer loyalty to companies (Duffy et al., 2006; Marinkovic & Obradovic, 2015; Roberts-Lombard, 2020; Sikdar & Makkad, 2015).

2. Literature Review

2.1. Islamic Banking

Understanding Islamic banks, known as Islamic banks, has an operating system that does not rely on interest. Islamic Banks or commonly referred to as interest-free banks, can be said to be financial or banking institutions whose operations and products are developed based on the Qur'an and the Hadith of the Prophet SAW. Or in other words, an Islamic bank is a financial institution whose primary business is providing financing and other services in payment traffic and money circulation whose operations are adjusted to Islamic law principles (Ayob & Saiyed, 2020; Mihajat, 2019). The definition of Islamic banks has been regulated in Article 2 of the PBI Law No. 6/24/2004. Sharia commercial banks carry out business activities based on sharia principles. Sharia commercial banks carry out business activities based on sharia principles that provide services in payment traffic. The legal form permitted is a limited liability company or PT. In the book entitled "Islamic Bank Management," broadly speaking, the economic relationship based on Islamic sharia is determined by the contractual relationship, consisting of five basic contract concepts. Based on these five basic concepts, it can be found that the products of Islamic bank financial institutions and non-Islamic bank financial institutions can be operationalized. The five concepts are (1) saving system, (2) profit sharing, (3) profit margin, (4) rent, and (5) service (fee). Islamic banks are intermediary institutions and financial service providers that work based on Islamic ethics and value systems, especially those free from interest (riba),

free from non-productive speculative activities such as gambling (maysir), free from things that are not clear and doubtful. (gharar) has the principle of justice and only finances halal business activities (Anouze et al., 2019). Islamic banks are often equated with interest-free banks. Interest-free banking is a narrower concept than Islamic banking when several instruments or operations are interest-free. Apart from avoiding interest, Islamic banks also actively participate in achieving the goals and objectives of an Islamic economy oriented towards social welfare (Alam et al., 2020; Hayati & Caniago, 2012; Jawaid et al., 2021).

2.2. Market Orientation

Market orientation is a popular term used by practitioners in the field of marketing as an implementation of the marketing concept (Distanont & Khongmalai, 2018; Zebal et al., 2019). For more than four decades, academics and practitioners have seen a market-oriented corporate strategy as the central pillar to achieving superior corporate performance in manufacturing and service companies (Turner et al., 2017). Market orientation is a dimensional aspect of organizational culture and the nature of learning orientation, and more research to understand the norms of defensible values and organizational learning (Ho et al., 2017). Processes and activities related to customer creation and satisfaction continuously assess customer needs and wants (Nor et al., 2016). Narver & Slater, (1990) describe market orientation as the most effective organizational culture in creating important behaviors for creating superior value for buyers and performance in business (Narver and Slater, 1990). Market orientation consists of four dimensions, namely customer orientation, competitor orientation, coordination between functions, and profit orientation. Customer orientation includes all activities that contribute to the company's understanding of its target customers' needs and preferences and its ability to design products and services that satisfy those needs and preferences. Competitor orientation reflects an understanding of the short-term strengths and weaknesses and long-term capabilities and strategies of the company's primary current and potential competitors and the ability to respond to competitors' activities and strategies. Inter-functional coordination refers to coordination between different functions or departments within a company and the level of information sharing between departments. Profit orientation includes monitoring and understanding the profitability of each product category and supplier's product (Lu & Chen, 2021). Nurhilalia et al. (2019) summarize in a theoretical view that Market Orientation is a marketing management philosophy that is built on the following activities: 1) Market intelligence is used to articulate efforts to understand consumer needs; 2) intelligence dissemination, which is seen as a process and effort to disseminate information to all components within the organization; and 3) response, which is interpreted as a quick action in following up on market intelligence efforts, both regarding the needs of customers and competitors. Gillan et al. (2021) state that even if a company is a market leader, challenger, or follower, it must monitor the competition closely and find the most effective competitive marketing strategy. And companies must continually adapt strategies to a rapidly changing competitive environment. A market-oriented company or market-centered company is a company that gives balanced attention to both consumers and competitors in designing its marketing strategy. Understanding Market Orientation is a measure of behavior and activities that reflect the implementation of the marketing concept.
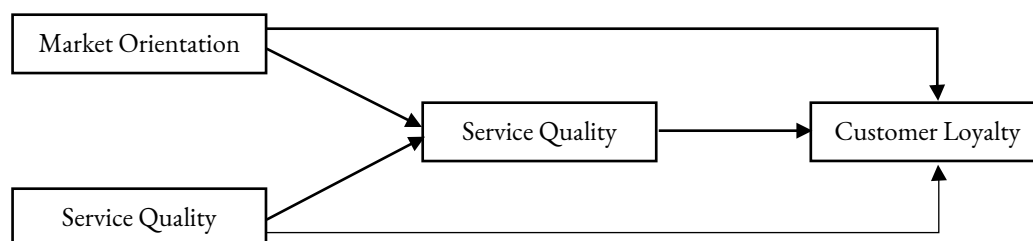
2.3. Service Quality

Definition of Service Quality according to Mashur et al. (2019), Service quality is an organization's ability to meet or exceed customer expectations. According to (Gross et al., 2021; Padlee et al., 2020), service quality measures how good the level of service provided by the company is so that it can meet consumer expectations. defines service quality as conformity to customer needs in service delivery. From these three definitions, it can be concluded that Service Quality is the conformity between customer expectations and the service provider's levels of service provided to meet or exceed customer expectations. Factors that Determine Service Quality Assessment Lovelock and Wirtz (2007:420) explain that researchers argue that service quality requires a unique approach to identifying and measuring service quality. The intangible nature of many services makes it more challenging to evaluate

the quality of benefits compared to products. Since customers are often involved in the production of services, a distinction must be drawn between the service process and the service's actual output, which is called technical quality. Operational Standardization of Service Quality According to Peter Drucker, a management consultant, in the article How to Provide Customer Service Excellence said, "Quality in a service or product is not what you put into it. It is what the client or customer gets out of it" therefore the company must have standardization of Service Quality to get the expectations or expectations that customers want even more so that operational standards are needed. However, along with the development of research, Zeithaml et al. (1996) simplified these ten dimensions into five main dimensions, which will be explained later as dimensions of Service Quality (Sharma et al., 2020). The five dimensions include: Reliability, Responsiveness, assurance, Empathy, Tangible.

2.4. Customer Satisfaction and Customer Loyalty

(González-Cruz et al., 2019) defines customer satisfaction as a very relevant concept; the simple logic of business people is that if their customers are satisfied, something better will happen for their business in the future. Shulga, (2021) explains that customer satisfaction will affect the financial performance of each company. This logic and everyday experience in running a business prove this. So it can be concluded that customer satisfaction has become a central concept in marketing theory and practice and is one of the essential goals for business activities. Consumer satisfaction is a condition in which consumer expectations can be met by the product (Marques et al., 2018). Marques et al. (2018) satisfaction is a consumer's assessment of the features of a product or service that has succeeded in providing fulfillment of needs at a pleasant level, both below and above expectations. According to (Marques et al., 2018), satisfaction is the level of feeling after comparing the perceived performance/results with their expectations. So the level of satisfaction is a function of the difference between perceived performance and expectations. If the performance is below expectations, the customer will be disappointed, and if the performance is in line with expectations, the customer will be delighted. One of the crucial factors that can measure the success of a business entity in its efforts to remain in the industry is the ability of the business entity to provide satisfaction to its customers. The factors that influence customer satisfaction include. (1) Product quality. (2) Quality of service or services. (3) Emotions. (4) Price. (5) Cost. Having loyal customers is the ultimate goal of all companies. But most companies do not know that customer loyalty is formed through several stages, starting from finding potential customers to developing customer advocates that will benefit the company. Bacile et al. (2018) states that customer loyalty has a vital role in a company; retaining them means improving financial performance and maintaining company viability; this is the main reason a company can attract and retain customers. Efforts to make loyal customers cannot be done directly but through several stages, from finding potential customers to getting partners. Understanding customer loyalty is not only seen through transactions or repeated purchases (repeat customers).

According to Biswas et al. (2021), loyalty is defined as a non-random purchase expressed over time by some decision-making units. This sentence shows that loyalty is more directed toward a behavior indicated by routine purchases based on the decision-making unit. Loyal customers are an invaluable asset to the company. According to (Chan & Gao, 2021), loyal customers include those who make regular purchases, buy outside the product/service line, refuse other companies, and show immunity from the competition (not easily influenced by the appeal of competition from other similar products). To become a loyal customer, a customer must go through several stages. This process takes a long time with different emphasis and attention for each step because each location has different needs. Deng et al. (2010) stated that loyalty is defined as a non-random purchase expressed over time by some decision-making unit. A positive attitude toward a brand commits to the brand and intends to continue buying it in the future (Bharadwaj & Shipley, 2020; Kim et al., 2013). Customers who are considered loyal will subscribe or make repeat purchases for a certain period. Loyal customers are significant for business entities because the cost of getting new customers is more expensive than maintaining old ones. Based on the results of studies on previous studies and reviews on literature reviews, we present Figure 1 below which explains the conceptual framework for further research followed by the development of research hypotheses.

Figure 1: Conceptual Framework

H1: Market orientation has a positive and significant effect on customer satisfaction.

H2: Service quality has a positive and significant effect on customer satisfaction.

H3: Market Orientation has a positive and significant effect on customer loyalty

H4: Service quality has a positive and significant effect on customer loyalty

H5: Customer satisfaction has a positive and significant effect on customer loyalty

H6: Market orientation has a positive and significant effect on customer loyalty through customer satisfaction.

H7: Service quality affects loyalty through customer satisfaction.

3. Research Method and Materials

3.1. Sample Criteria

According to Sugiyono (2004:72), the population is an area with generalizations consisting of objects and subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions.

Table 1: Sharia Bank Customer Research Population in Indonesia

No	Sharia Bank Customer (BUS)	Total Customer Population	Sampling
1	PT. Bank Muamalat Indonesia	998 ribu jiwa	998 / 3.066 x 170 = 55
2	PT. Bank Syariah Mandiri	450 ribu jiwa	450 / 3.066 x 170 = 25
3	PT. Bank Mega Syariah	230 ribu jiwa	230 / 3.066 x 170 = 13
4	PT. Bank BRISyariah	350 ribu jiwa	350 / 3.066 x 170 = 19
5	PT. Bank Syariah Bukopin	220 ribu jiwa	220 / 3.066 x 170 = 12
6	PT. Bank BNI Syariah	375 ribu jiwa	375 / 3.066 x 170 = 21
7	PT. BCA Syariah	245 ribu jiwa	245 / 3.066 x 170 = 14
8	PT. Bank Panin Syariah	198 ribu jiwa	198 / 3.066 x 170 = 11
Total		**3.066 ribu jiwa**	**170**

Data in 2022 (data processed from OJK data)

3.2. Measurement

This study uses a descriptive and quantitative research design to determine the effect of market orientation and service quality on the satisfaction and loyalty of Islamic banking customers in Indonesia and the most explicit statement for each variable. In this study, the data collection technique used is a combination of three processes: observation, direct interviews with respondents, and filling out questionnaires on all data sources related to the unit of analysis relevant to the research. Furthermore, based on the research framework that has been stated previously, the data analysis technique used in this study is structural equation modeling (SEM). It provides a direct method relating to the existence of multiple relationships simultaneously, thereby providing statistical analysis efficiency. SEM can comprehensively test the relationship between the variables studied. SEM is very useful in testing a series

of mutually dependent relationships between variables if one dependent variable can be an independent variable in the following equation relationship.

4. Results and Discussion

4.1. Identity of Respondents

Based on the needs of this research analysis, several characteristics or identities can be identified from the results of a questionnaire to 170 of BUS customers in Indonesia as presented in the following tables:

Table 2: Respondents by Education Level

No.	Education Level	Respondent	Persentase (%)
1	Elementary School	8	4,7
2	Junior High School	52	30,6
3	Senior High School	14	8,2
4	Diploma	3	1,8
5	Bachelor	93	54,7
	Total	**170**	**100**

Source: Data processed, 2022

Based on table 2, 8 respondents or 4.7% had primary school education, 52 respondents or 30.6% had junior high school education, 14 respondents or 8.2% had high school education, 3 respondents or 1.8% had Diploma education and 93 respondents or 54.7% who have a bachelor's degree education. Based on the education level data above, it can be seen that the smallest number of respondents are those with elementary school education and the largest number of respondents are those who have an undergraduate education level. This is what causes many BUS customers in Indonesia to have a high level of sensitivity or critical attitude towards the products and services provided by the BUS in Indonesia. The higher the level of education, the higher the rationality of the customer to respond as a consumer.

Table 3: Respondents by Term of Service

No	Years of service	Respondent	Persentase (%)
1	1 – 5 Years	8	4,7
2	6 – 10 Years	62	36,5
3	11 – 15 Years	27	15,9
4	16 - 20 Years	22	12,9
5	> 20 Years	51	30,0
	Total	**170**	**100**

Source: Data processed, 2022

Based on table 3, 8 respondents or 4.7% with 1-5 years of service, 62 respondents or 36.5% with 6-10 years of service, 27 respondents or 15.9% with 11-15 years of service, 22 respondents or 12.9% with tenure between 16 – 20 years, and 51 respondents or 30.0% with tenure > 20 years. Until it is seen that the customer service period is 6-10 years dominant. This indicates that they have a lot of experience as BUS customers in Indonesia regarding the products and services provided by financial institutions, so that they are able to make comparisons between one financial institution/bank with another. If someone already has a fixed income or has worked, there is a great chance that they will use the services of a banking company in managing their financial income and expenses.

Table 4: Respondents By Gender

No	Gender	Respondent	Persentase (%)
1	Man	52	30,6
2	Woman	118	69,4
	Total	**170**	**100**

Source: Data processed, 2022

Based on table 4, 52 respondents or 30.6% with male gender and 118 respondents or 69.4% with female gender.

Table 5: Respondents by Age Level

No	Age (years)	Respondent	Persentase (%)
1	20 - 30 Years	55	32,4
2	31 - 40 Years	59	34,7
3	41 - 50 Years	51	30,0
4	> 50 Years	5	2,9
Total		**170**	**100**

Source: Data processed, 2022

Based on table 5, 55 respondents or 32.4% with an age level of 20 - 30 years. A total of 59 respondents or 34.7% with an age level of 31 - 40 years. A total of 51 respondents or 30.0% with an age level of 41-50 years, there were 5 respondents or 2.9% with >50 years. This frequency distribution illustrates that customers are of productive age as many as 34.7%.

Table 6: Respondents by Religion

No	Religion	Respondent	Persentase (%)
1	Non Islam	32	18,8
2	Islam	138	81,2
Total		170	100

Source: Data processed 2022

Based on table 6, 32 respondents or 18.8% were non-Muslims, as many as 138 respondents or 81.2% were Muslims. From these results, it can be seen that the dominant BUS customers in Indonesia are Muslim.

4.2. Analysis Descriptive

Analysis is an analysis of the data that has been collected in tables regarding the respondents' assumptions as a description of the tendency of the influence of exogenous variables on endogenous variables.

Table 7: Market Orientation variable items

Item	Answer Score									
	1		2		3		4		5	
	F	%	F	%	F	%	F	%	F	%
X11	0	0	0	0	3	1,8	37	21,8	130	76,5
X12	0	0	0	0	3	1,8	43	25,3	124	72,9
X13	0	0	0	0	2	1,2	44	25,9	124	72,9
X14	0	0	0	0	0	0	46	27,1	124	72,9
Rate	0	0	0	0	2	1.2	42.5	25.025	125.5	73.8

Source: Data processed, 2022

Description of respondents' answers about market orientation on BUS in Indonesia with various assessments. The responses of respondents who gave the most responses about market orientation style were assessment/score 5, namely the very good category with an average number of 125.5 or 73.8% of the total respondents and those who gave the least responses were ratings/scores 1 and 2, namely not good category according to the average number of 0 or 0% of the total respondents.

Description of respondents' answers about the quality of service at the BUS in Indonesia with various assessments. Respondents regarding service quality dominantly gave an assessment/score of 5, namely the very good category with an average number of 132.4 or 63.42% of the total respondents and those who gave the least responses were ratings/scores 1 and 2, namely the poor category according to the average number 0 or 0% of the total respondents.

Table 8: Service quality variable items

Item	Answer Score									
	1		2		3		4		5	
	F	%	F	%	F	%	F	%	F	%
X21	0	0	0	0	2	1,2	37	21,8	131	77,1
X22	0	0	0	0	9	5,3	34	20,0	127	74,7
X23	0	0	0	0	13	7,6	34	20,0	123	72,4
X24	0	0	0	0	0	0	16	9,4	154	90,6
X25	0	0	0	0	7	4,1	36	21,2	127	74,7
Rate	0	0	0	0	6.2	3.64	31.4	18.48	132.4	63.42

Source: Data processed, 2022

Table 9: Customer satisfaction variable items

Item	Answer Score									
	1		2		3		4		5	
	F	%	F	%	F	%	F	%	F	%
Y11	0	0	0	0	7	4,1	51	30,0	112	65,9
Y12	0	0	0	0	11	6,5	39	22,9	120	70,6
Y13	0	0	0	0	9	5,3	127	74,7	34	20,0
Y14	0	0	0	0	3	1,8	147	86,5	20	11,8
Rate	0	0	0	0	7.5	4.425	91	53.525	71.5	42.075

Source: Data processed, 2022

Description of respondents' answers about customer satisfaction in Islamic banking in Indonesia with various assessments. Respondents regarding customer satisfaction dominantly gave an assessment/score of 4, namely the good category with an average number of 91 or 53.525% of the total respondents and those who gave the least responses were ratings/scores 1 and 2, namely the bad category according to the average number of 0 or 0% of the total respondents.

Table 10: Distribution of customer loyalty variable items

Item	Answer Score									
	1		2		3		4		5	
	F	%	F	%	F	%	F	%	F	%
Z11	0	0	0	0	5	2,9	102	60,0	63	37,1
Z 12	0	0	0	0	15	8,8	138	81,2	17	10,0
Z 13	0	0	0	0	7	4,1	139	81,8	24	14,1
Z 14	0	0	0	0	8	4,7	122	71,8	40	23,5
Rate	0	0	0	0	8.75	5.125	125.25	73.7	36	21.175

Source: Data processed, 2022

Description of respondents' answers about customer loyalty at Islamic banking offices in Indonesia, with various assessments. Respondents' responses about customer loyalty dominantly gave an assessment/score of 4, namely the very good category with an average number of 125.25 or 73.7% of the total respondents and those who gave the least responses were ratings/scores 1 and 2, namely the bad category in accordance with the average number is 0 or 0% of the total number of respondents.

4.3. Statistical Analysis

The validity of the research instrument was tested using a bivariate person (product moment person correlation). That is by correlating each item with the total value of the sum of all items processed using the SPSS version 21 program. Statistically the correlation number obtained must be tested first to state whether the resulting correlation value is significant or insignificant.

Table 11: Instrument Validity Testing

Research Variables	Items Question	Bivariate Person Correlation	Description
Market Orientation	X1.1	0.853	Valid
	X1.2	0.920	
	X1.3	0.956	
	X1.4	0.941	
Quality of Service	X2.1	0.920	Valid
	X2.2	0.950	
	X2.3	0.900	
	X2.4	0.949	
Customer satisfaction	Y1.1	0.939	Valid
	Y1.2	0.943	
	Y1.3	0.917	
	Y1.4	0.943	
Customer Loyalty	Z1.1	0.924	Valid
	Z1.2	0.933	
	Z1.3	0.937	
	Z1.4	0.946	

Source: Primary data processing results, 2022

The results of the validation test on the indicators for each variable of market orientation, service quality, customer satisfaction and customer loyalty were declared valid to be used as a variable measuring instrument, because all of them have a correlation value (bivariate correlation) which is greater than 0.60.

Table 12: Reliability Testing

Variable	Probability (p)	Reliability Standard	Information
Market Orientation	0,00	0,05	Reliable
Quality of Service	0,00	0,05	Reliable
Satisfaction	0,00	0,05	Reliable
Customer Loyalty	0,00	0,05	Reliable

Source: Primary data processing results, 2022

In this study, the assumptions underlying Structural Equation Modeling (SEM) were outliers, data normality and linearity. There are four variables used in this study, namely the influence of market orientation and service quality on customer satisfaction and loyalty. Each variable is measured based on several indicators, to produce a factor score of these variables, confirmatory factor analysis is carried out. Confirmatory Factor Analysis is used to determine the indicators that are significant as a measure of these variables. The results of the complete confirmatory factor analysis are as follows:

1. Market Orientation Variables

Market intelligence is a significant indicator as a measure of the market orientation variable, the highest variable loading factor is the response to market intelligence and the lowest variable factor loading is market intelligence.

Table 13: Loading Factor and Critical Ratio Of Market Orientation Variable Indicators

Indicator	Loading Factor (λ)	Crirical Ratio.	Profitability (p)	Information
Market Orientation (X1)				
X11	0.828	13.230	0.000	Significant
X12	1.023	16.936	0.000	Significant
X13	1.053	15.111	0.000	Significant
X14	1.000	-	-	FIX

Source: Primary data processing results, 2022

2. Quality of Service

Table 14: Loading Factor and Critical Ratio Quality of Service Indicator

Indicator	Loading Factor (λ)	Crirical Ratio.	Profitability (p)	Information
Quality of Service (X2)				
X21	1.010	12.022	0.000	Significant
X22	0.970	8.543	0.000	Significant
X23	0.988	10.939	0.000	Significant
X24	1.000	-	-	FIX

Source: Primary data processing results, 2022

Assurance, tangible, realibility, responsiveness, assurance are significant indicators as a measure of the service quality variable, while the indicator variable empaty is a definite indicator (fix) to measure the variable service quality.highest variable loading factor is tangible and the lowest variable loading factor is realibility.

3. Customer Satisfaction

Table 15: Loading Factor and Critical Ratio Indicator Variable Customer Satisfaction

Indicator	Loading Factor (λ)	Crirical Ratio.	Profitability (p)	Information
Customer Satisfaction (Y3)				
Y 11	1.086	18.903	0.000	Significant
Y 12	1.032	19.235	0.000	Significant
Y 13	1.011	17.368	0.000	Significant
Y 14	1.000	-	-	FIX

Source: Primary data processing results, 2022

Customer complaints are a significant indicator as a measure of the customer satisfaction variable, while the indicator of the convenience perceived by the customer in transactions is a fixed to measure the customer satisfaction variable. The highest variable loading factor is the quality of services provided in accordance with customer expectations and the lowest variable loading factor is satisfying the settlement of customer complaints.

4. Customer Loyalty

Table 16: Loading Factor dan Critical Ratio Indikator Variabel Customer Loyalty

Indicator	Loading Factor (λ)	Crirical Ratio.	Profitability (p)	Information
Customer Loyalty (Z)				
Z11	1.000	-	-	FIX
Z 12	0.965	14.584	0.000	Significant
Z 13	1.014	16.777	0.000	Significant
Z 14	1.051	18.305	0.000	Significant

Source: Primary data processing results, 2022

A significant indicator measures the customer loyalty variable, while the hand of the variable makes repeat purchases of a product a fixed measure of the customer loyalty variable. Persuasion or promotion of competitors does not easily influence the highest loading variable factor, and the lowest uneven factor loading is resistance to adverse influences regarding the product or company. A model is stated to be good if empirical data theoretically supports the development of a hypothetical model. The complete SEM results at the initial stage can be seen in the following figure.
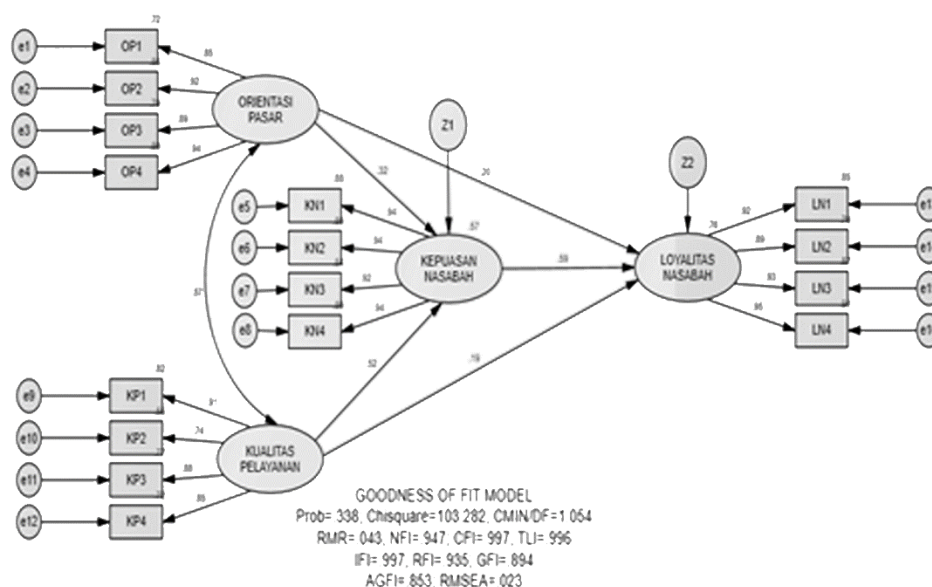
Figure 2: Result Models

The model test results presented in the figure above are evaluated based on the goodness of fit indices in the following table by submitting the model criteria and critical values for data suitability.

Table 17: Evaluation kriteria Goodness of Fit Indices Overall Fit

Goodness of fit index	Cut-off Value	Result Model	Information
X^2- Chi-Square	Expected Small	103.282	Marginal
Sig. Probability	≥ 0.05	0.338	Fit
CMIN/DF	≥ 0.95	1.054	Fit
GFI	≤ 0.90	0.894	Fit
AGFI	≤ 0.90	0.853	Fit
TLI	≥ 0.95	0.996	Fit
NFI	≤ 0.95	0.947	Fit
RFI	≤ 0.95	0.935	Fit
IFI	≥ 0.95	0.997	Fit
RMR	≤ 0.95	0.043	Fit
RMSEA	≤ 0.08	0.023	Fit

Source : Result data, 2022

From table 17, it can be seen that the probability of goodness of fit that has met the requirements, the evaluation of the model on the overall construct of various criteria has no critical violations. The table above shows that the result values have met the fit criteria so that the SEM model is appropriate to use. After the overall model is declared fit, the significance test of the influence between constructs is carried out. This test uses the critical ratio (CR) or Probability value on standardized regression weights; the relationship between variables is state to have a significant effect if P < 0.05. Based on the results of the analysis, of the 10 (ten) paths tested, two are not substantial, which can be seen from the probability value or p-value above 0.05 (5%) and the t-count value above the t-table value; each of which is the effect of leadership style on customer performance. 0.000 shows a p-value of 0.056 and motivation on customer performance which shows a p-value of 0.095, so that path cannot be used for evaluation in the model. Analysis of direct effects The test results are presented for each construct to their immediate consequence, which is none other than the coefficients of all coefficient lines with one end arrow. An analysis of the direct and indirect effects and the total impact is carried out. The direct influence, indirect influence, and real influence are shown in Table 18.

Table 18: Direct and Indirect Influence

No	Variable			Direct Effect	Indirect Effect	Total Effect	P-Value	Information
	Exogenous	Intervening	endogenous					
H1	Market orientation	Customer Satisfaction	-	0.318	0.000	0.318	0.000	Positive Significant
H2	Quality of Service	Customer Satisfaction	-	0.523	0.000	0.523	0.000	Positive Significant
H3	Market orientation	-	Customer Loyalty	0.387	0.000	0.387	0.059	Not Support
H4	Quality of Service	-	Customer Loyalty	0.493	0.000	0.493	0.036	Positive Significant
H5	Customer Satisfaction	-	Customer Loyalty	0.586	0.000	0.586	0.000	Positive Significant
H6	Market orientation	Customer Satisfaction	Customer Loyalty	0.387	0.186	0.573	0.000	Positive Significant
H7	Quality of Service	Customer Satisfaction	Customer Loyalty	0.493	0.306	0.799	0.000	Positive Significant

Source: Result Data 2022

The hypotheses contained in the research model, there are six hypotheses which show a positive and significant effect and there is one which shows a positive and insignificant effect.

4.4. Discussion

1) Market orientation has a positive and significant effect on customer satisfaction.

In general, market orientation can help companies to focus on the need to create sustainable customer satisfaction. Customer expectations are estimates or beliefs of customers about what they will receive when they buy or consume a product. Customer satisfaction is related to increasingly fierce competition, as well as the level of losses and profits of the company. In line with this, the response indicator on market intelligence is the highest value on the market orientation variable and the service quality indicator provided in accordance with customer expectations is the highest value on the customer satisfaction variable. This describes the indicators that contribute to each variable. Answering the formulation of the problem and the first hypothesis can be observed from the results of the path which shows that market orientation has a positive and significant effect on customer satisfaction. On the other hand, the reason for market orientation has a positive and significant effect on customer satisfaction because in reality what is seen in Islamic Banking in Indonesia, customers do not just buy a product, but also all aspects contained in the product from the pre-purchase stage to the after-purchase stage. With so much competition, it is necessary to be careful in treating consumers in order to create customer satisfaction with a product. The response to market intelligence in this indicator variable is very much needed for banking, because customers are free to choose products so that the quality of services provided is in accordance with customer expectations. Expressed in the satisfaction variable of this indicator. This shows that market orientation has an effect on customer satisfaction.

2) Market orientation has a positive and significant effect on customer satisfaction.

For the banking world, the provision of services is the most important thing for companies, this is because the position of the service is a supporting factor for the marketing activities of bank services. A service will be formed because of the process of providing certain services from the service provider to the party being served. Indicator Tangible is the highest value on the service quality variable and the service quality indicator provided in accordance with customer expectations is the highest value on the customer satisfaction variable. This describes the indicators that contribute to each variable. Furthermore, to answer the formulation of the problem and the second hypothesis, it can be observed from the results of the path which shows that service quality has a positive and significant effect on

customer satisfaction. The results of this test are in line with the second hypothesis that service quality has a positive and significant effect on customer satisfaction, this is evidenced by the significant value less than five percent. On the other hand, the reason for the quality of service has a positive and significant effect on customer satisfaction, because related to customer responses to what is felt between previous expectations, more and more banks are involved in meeting customer needs and desires so that this causes every bank to place customer satisfaction as the main goal. The banking sector must have complete information about the customer's wishes so that the products sold are in accordance with the customer's tastes in this case must be tangible (savings, ATMs etc.).

3) Market orientation has a positive and significant effect on customer loyalty.

Along with the increasing demand and increasingly consumptive shopping, of course, banking companies as financial institutions have a very important role. This is an opportunity for banks to meet the needs of their customers. The banking industry should also make efforts to introduce its products, for example, including credit cards, etc. Many efforts have been made by Islamic banking to increase the loyalty of its customers, including by meeting the needs and availability of complete products, such as wakalah, ijarah, kafalah, sharf, qard, rahn, hiwalah, Al-wadiah. The fulfillment of these needs will lead to feelings of pleasure and satisfaction. But in general, not every customer is loyal because the customer or customer who is said to be loyal arises through several stages and each stage has special needs. By recognizing each stage and meeting these special needs, the bank has a greater chance of making the customer loyal. Customer loyalty can be shown in the form of repeat purchases of a product offered by the company, especially in banking so that in this variable indicator customers are not easily influenced by the inducements or promotions of competitors.

4) Service quality has a positive and significant effect on customer loyalty

The key to maintaining an attitude of loyalty is the ability of the company to be able to provide quality service to customers on an ongoing basis. Currently, consumers do not just buy a product, but also all aspects contained in the product from the pre-purchase stage to the post-purchase stage. This results in producers having to be careful in treating customers in order to create an attitude of consumer loyalty towards a product.indicator tangible is the highest value on the service quality variable and the indicator is not easily influenced by the persuasion or promotion of competitors is the highest value on the customer loyalty variable.

5) Service quality has a positive and significant effect on customer loyalty

Currently, the growth of the banking world in Indonesia is increasing and has a broad impact on society. The environment, either directly or indirectly, is the development of Islamic banking, each bank trying to attract as many customers as possible by increasing customer satisfaction. In line with this, indicators of the quality of services provided are in line with expectations and the highest value on the customer satisfaction variable and the indicator is not easily influenced by the persuasion or promotion of competitors is the highest value on the customer loyalty variable. This describes the indicators that contribute to each variable. Furthermore, to answer the formulation of the problem and the fifth hypothesis, it can be observed from the results of the path which shows that customer satisfaction has a positive and significant effect on customer loyalty. On the other hand, the reason for customer satisfaction has a positive and significant effect on customer loyalty, because in the reality seen in Islamic Banking in Indonesia.

6) Market orientation has a positive and significant effect on customer loyalty through customer satisfaction

Market-oriented companies retain existing customers by maintaining customer satisfaction and loyalty, attracting new customers, achieving the desired growth rate and market share. Therefore, the

banking sector will act rationally by developing a competitive strategy against or dealing with its competitors. In line with this, indicators of response to market intelligence is the highest value on the market orientation variable and the indicator is not easily influenced by the persuasion or promotion of competitors is the highest value on the customer loyalty variable and the indicator of the quality of services provided in accordance with customer expectations is the highest indicator of the customer satisfaction variable. On the other hand, the reason for market orientation has a positive and significant effect on customer loyalty through customer satisfaction, because the wiser the customer is understood, the easier it will be to anticipate their needs or in this research indicator the response to market intelligence can be carried out by communicating so that it is known what needed by consumers so that they are not easily influenced by the inducements or promotions of competitors, but if the indicators of satisfaction in this case are the quality of services provided in accordance with customer expectations, transactions can be realized quickly.

7) Service quality has a positive effect on loyalty through customer satisfaction.

Companies need to improve service quality to develop customer loyalty, because low-quality products or services will make customers disloyal and need to know things that affect the level of customer loyalty to products or services to maximize customer satisfaction. On the other hand, the reason that service quality has a positive and significant effect on loyalty through customer satisfaction is because in reality seen in Islamic banking in Indonesia, considers the existence of service to be very important for customers, in this case Tangible (physical evidence) such as credit cards. Islamic banking stipulates that customer satisfaction is determined by product quality and service quality as desired by customers so that quality assurance becomes a top priority in Islamic banking. Service quality and customer satisfaction There are two main things that are closely related, namely customer expectations of service quality and customer perceptions of service quality. Customers will always rate a service received compared to what is expected or desired. In the Islamic banking industry, the quality of the product that is measured is the quality of service. Competitive advantage is often sought in the form of excellent service. The right and accurate strategy in service quality is an important factor that affects competitive advantage if it is planned and implemented properly.

5. Conclusion

Measuring and enhancing service quality can boost earnings and improve your company's reputation. Service quality can directly impact your company's ability to satisfy client expectations while remaining competitive, regardless of industry. In this study, we can state Improve market orientation creates customer satisfaction. Maintaining service quality and even maximizing it so that the products sold follow customer tastes. It is expected to increase market orientation and increase customer loyalty. Improve the quality of service to increase loyalty. Foster customer satisfaction so that customer loyalty is realized. Improve market orientation so that customer loyalty is acknowledged through customer satisfaction. Further, improve market orientation through customer satisfaction to provide increased fidelity to customers.

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