

ANALYSIS OF THE INFLUENCE OF LOCATION, INTEREST RATE, SERVICE, AND PROMOTION ON CUSTOMER DECISIONS IN LOAN MAKING (Studies at PT. BPR BKK Tegal City)

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Abstract: Banks are intermediary institutions that collect funds and distribute them in the form of placements in earning assets. One of the productive assets that contributes the most to bank income is credit. Based on its use, credit is divided into three, namely: working capital credit, investment credit, and consumption credit. Working capital credit is a loan that is given to finance the working capital of a business. The purpose of this study was to determine the effect of location, interest rates, services, and promotions on credit decisions at PT. BPR BKK Tegal City. The population in this study were all credit customers of PT. BPR BKK Tegal City in August 2021 as many as 1087 customers. So that the obtained sample amounted to 100 respondents. The variable in this study is the independent variable (X) consisting of location, interest rates, services, promotions, and the dependent variable (Y) is credit decision making. Data collection method is done by distributing questionnaires. The method of analysis is the Classical Assumption Test, Multiple Linear Regression Test, and Hypothesis Testing. From the results of the study showed that the location variable did not have a significant effect on credit decision making with a significant value of $0.852 > 0.05$. The interest rate has a significant influence on credit decision making with a significant value of $0.010 < 0.05$. Service does not have a significant influence on credit decision making with a significant value of $0.225 > 0.05$. Promotion does not have a significant effect on credit decision making with a significant value of $0.180 > 0.05$. So that the statistical calculation shows that partially the interest rate variable has a significant influence on credit making decisions. Meanwhile, location, service and promotion do not have a significant influence on credit decision making. Location has no influence on credit decisions, a strategic, safe and comfortable location is something that must be considered. Interest rates have an influence on credit decision making, by providing the right interest rate it is expected to increase customer interest in taking credit. The service has no influence on credit decisions, friendly, courteous and satisfying service can make customers feel at home and want to return to doing transactions at the bank. Promotion has no influence on credit decision making. This is expected to contribute more to the increase in the number of credit customers at PT. BPR BKK Tegal City.

Keywords: *Location, Interest Rate, Service, Promotion, Credit Decision*

1. Introduction

Banks are intermediary institutions that collect funds and distribute them in the form of placements in earning assets. One of the productive assets that contributes the most to bank income is credit (Taswan, 1997 in Yusriati Hartini, 2017). Credit provided by a bank is the provision of money or an equivalent claim, based on an agreement or loan agreement between the bank and another party that requires the borrower to repay the debt after a certain period of time with the amount of interest, compensation or profit sharing. (Taswan 1997 in Yusriati Hartini, 2017).

With the Covid-19 pandemic causing the economy in Indonesia to decline, many business actors have been affected by the pandemic, namely the decline in their business sales figures, so many MSMEs choose to reduce their business expenses or even choose to temporarily close their businesses. So that it affects the interest of customers in taking credit at financial institutions. The customer's decision to take credit is "a decision process to take credit at a bank" (Kotler, 2002 in Handayani Pitri, 2018). According to Griffin (2002) in Handayani Pitri (2018) the customer's decision to take credit is an act of choosing one alternative from a series of existing alternatives. So based on the opinion above, the customer's decision to take credit is a process carried out by the customer when taking credit, then the customer chooses an alternative from the available alternatives.

According to Kasmir (2012) in Kholid Farid (2019), what is meant by a bank location is a place where banking products are traded and banking control centers are traded. In practice, there are several types of bank office locations, namely the location of the head office, main branch, sub-branch, cash office, and ATM locations.

Interest Rate. According to Kasmir (2012) in Wensy F. I. Rompas (2018) bank interest can be interpreted as remuneration by banks based on conventional principles to customers who buy or sell their products. Interest can also be interpreted as the price that must be paid to customers (who have deposits) that must be paid by customers to the bank (customers who get loans).

Service is an activity carried out by the customer to compare the service received with the expected service, whether it is appropriate or not in accordance with expectations. According to Kotler (2008) in Venny Kuspriyanti (2017) service is any action or activity that can be offered by one party to another, which is essentially intangible and does not result in any ownership.

Promotion is a communication activity to provide information to people about the products to be offered so that consumers are interested in buying the products or services offered. According to Swastha et al (1992) in Ahmad Wahid Syahrizal Rizqi (2019) promotion is the flow of information or persuasion in a direction made to direct a person or organization to actions that create exchange or marketing.

PT. BPR BKK KOTA TEGAL is a bank whose shares are owned by the Central Java Provincial Government and the Tegal City Government, whose head office is located in Tegal City. In its operation, the use of PT. BPR BKK Tegal City is distributed in the form of credit distribution. Disbursement through credit is the main activity as an intermediary function and the Bank's largest source of income.

Based on the description above, the researcher is interested in conducting research with the title "ANALYSIS OF THE INFLUENCE OF LOCATION, INTEREST RATE, SERVICE, AND PROMOTION ON CUSTOMER DECISIONS IN LOAN MAKING (Study at PT. BKK BPR Kota Tegal)". The formulation of the problem is Does the location of the bank affect the customer's decision in making credit?, Does the bank's interest rate affect the customer in making credit?, Does the bank service affect the customer's decision in making credit?, Does the bank promotion affect the customer's decision in making credit? credit?.

2. Research Method

In this study, the population taken were all credit customers of PT. BPR BKK Tegal City in August 2021 amounted to 1,087 people. In determining the sample size, this study uses the Accidental Sampling Technique, namely the technique of collecting samples by chance so that consumers who coincidentally meet with researchers will be used as samples in the study, people who happen to be met are very suitable to be used as data sources. So the number of samples observed in this study was set as many as 100 respondents of credit customers of PT. BPR BKK Tegal City.

Table 1
Variable Operational Definition

NO	Variable	Operational Definition	Indicator
1.	Credit Decision (Y)	Credit decision making is the act of choosing one alternative from several available alternatives according to a person's circumstances, personality, and principles.	1. Perception of seeing employee performance 2. Satisfaction with the credit offered 3. Provision of information on request 4. Distance from house to bank 5. Service considerations
2.	Location (X1)	Location is a place in the form of a field, building, building, or space where a series of business activities are carried out.	1. Access 2. Visibility 3. Traffic 4. Spacious parking space 5. Expansion
3.	Interest Rate (X2)	The interest rate is the result of a calculation in the form of a price obtained from the use of investment funds used in a certain period	1. Economic Condition 2. Government Monetary Policy 3. Inflation Rate 4. Cost Of Money 5. Interbank Competition Level 6. International Monetary Turbulence 7. National and International Capital Market Situation
4	Service (X3)	Service is an activity to fulfill needs directly through the media or without media to help take care of the needs of others.	1. Reliability (reliability) 2. Responsiveness (responsiveness) 3. Assurance (guarantee) 4. Empathy (empathy) 5. Tangibles (physical evidence)
5	Promotion (X4)	Promotion is an effort to communicate, remind and persuade others to know and buy the products offered.	1. Promotional Message 2. Promotion media 3. Promotion Time

Source: Processed data, 2021

Method of Collecting Data

Sources of data used are primary data (observations and questionnaires) and secondary data (journals). Data collection techniques using observation, questionnaire validity test, reliability test.

In this study, it has been tested with the classical assumption test (normality test, multicollinearity, heteroscedasticity). In addition, this study was also tested using the Multiple Linear Regression Analysis tool, t-test, f-test, and the coefficient of determination.

3. Results and Discussion

3.1. Results

Based on the results of the questionnaire test that the data are reliable and valid. The results of the classical assumption test, the data is normally distributed. The results of multiple linear regression testing are as follows:

Table
Multiple Linear Regression Test Results

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	12.666	2.557		4.954	.000
Lokasi (X1)	-.016	.085	-.019	-.187	.852
Tingkat Suku Bunga (X2)	.155	.059	.283	2.628	.010
Pelayanan (X3)	.149	.122	.130	1.222	.225
Promosi (X4)	.188	.139	.147	1.350	.180
a. Dependent Variable: Keputusan Pengambilan Kredit (Y)					

The linear regression equations formed are:

$$Y = 12.666 - 0.0167X_1 + 0.155X_2 + 0.149X_3 + 0.188X_4$$

From the multiple linear regression equation above, it can be analyzed as follows:

- Variable Location, Interest Rate, Service, and Promotion is worth 0. Then the variable Credit Decision Making has a constant value of 12.666.
- Location regression coefficient is -0.016 and is negative, which means that with an increase of 1 unit of location variable, the credit decision variable will decrease by -0.016.
- The interest rate regression coefficient is 0.155 and is positive, which means that with an increase of 1 unit of the interest rate variable, the credit decision variable will increase by 0.155.
- Service regression coefficient is 0.149 and is positive, which means that with an increase of 1 unit of service variable, the credit decision variable will increase by 0.149.
- Promotion regression coefficient is 0.188 and is positive, which means that with an increase of 1 unit of promotion variable, it will increase the credit decision variable by 0.188.

f.test

Testing the effect of independent variables together on the dependent variable is carried out using the F test. The results of statistical calculations show F count 5.688 The value of f table = (k: n-k) = 4: 100-4 then F table 2.47. Due to F count > F table (5.688 > 2.47), with a significant

value < 0.05 , then H_0 is rejected and H_1 is accepted, it can be concluded that the variables of location (X1), interest rates (X2), services (X3), and promotions (X4) jointly significant effect on credit decision making (Y).

Coefficient of Determination (R^2)

The results of the regression calculation can be seen that the determinant coefficient (Adjusted R Square) obtained is 0.159 and is positive. Based on the table above, the presentation value of 15.9% of credit decision variables can be explained by location variables, interest rates, services, and promotions. While the rest ($100\% - 15.9\% = 84.1\%$) is explained by other variables that are not included in this study.

3.2. Discussion

The Influence of Location on Credit Decisions

The results of the H_1 test show that location does not have a significant influence on credit decision making. The results of testing the location hypothesis with credit decision making have no significant effect with the t-count result of -0.187 while the t-table value is 1.98525. The results of statistical calculations show that $t \text{ count} < t \text{ table}$ with a value of $-0.187 < 1.98525$ or a significant level of $0.852 > 0.05$, so that statistical calculations partially show that location variables do not have a significant influence on credit decision making. Thus H_0 is accepted and H_1 is rejected, which means that the location variable has no significant effect on credit decisions.

However, it should be noted that in this research questionnaire there are negative statements that get the most scores from the answers to disagree and strongly disagree, this means that many respondents reject these negative statements and the actual situation is a positive thing. So it can be concluded that the location variable has a significant influence on credit decisions.

Location is the place where a business or business activity is carried out. The location in question is a place where banking products are traded and a banking control center. To provide a sense of security and comfort, companies need to pay attention to the aspects that customers need in transaction activities at the bank. In theory, location is an important factor in realizing a company's sales goals. Some indicators that must be considered in determining the location of a bank are access to locations that are easily accessible by public transportation, visibility of the location which means that it can be seen clearly from normal viewing distances, locations that are passed by many people but need to also pay attention to traffic density and congestion, and banks. also need to have a large, comfortable and safe parking space. That way, people who were previously not interested in coming to the bank will become interested and come to the bank so that customers make transactions at the bank.

The results of this study provide an explanation that the better or not the location of the bank, does not affect credit decisions. These results support previous research from the results of research by Elsarida Situngkir (2008) and Leoni Ariyati M (2006), concluding that the location of the bank does not have a significant effect on customer interest in taking credit.

The Influence of Interest Rates on Credit Decisions

The results of the H_2 test show that the interest rate has a significant influence on credit decision making. The results of testing the interest rate hypothesis with credit decision making proved to have a significant effect with the t-count result of 2.628 while the t-table value of 1.98525. The results of statistical calculations show that $t \text{ count} > t \text{ table}$ with a value of $2.628 > 1.98525$ or a significant level of $0.010 < 0.05$, so that statistical calculations partially show that

interest rate variables have a significant effect on credit decisions. Thus H_0 is rejected and H_2 is accepted, which means the interest rate variable has a significant effect on credit decisions.

However, it should be noted that in this research questionnaire there are negative statements that get the most scores from the answers to disagree and strongly disagree, this means that many respondents reject these negative statements and the actual situation is a positive thing.

The interest rate is the amount of rupiah paid as a result of using funds as compensation. Changes in interest rates are changes in the demand for money (credit). An increase in interest rates results in a decrease in aggregate demand/investment spending. On the other hand, an increase in interest rates will result in an increase in aggregate demand. Interest rates are an important factor in providing profitability for banks and the economy of a country. Fluctuations in loan interest rates will also affect the demand for these loans. Some indicators that can be used as a benchmark in determining bank interest rates are economic conditions, government monetary policy, inflation rate, cost of money or fees that must be paid by banks for the use of money that comes from other parties (customers and or banks), the level of competition between banks, international monetary turmoil, and the national & international capital market situation. Therefore, the bank needs to determine the interest rate correctly to be able to attract the interest of potential customers.

The results of this study provide an explanation that the better the interest rate, the greater the interest of customers to take credit. These results support previous research from Badrul Huda, Sukidin, and Sri Wahyuni (2019), concluding that interest rates have a significant influence on customer decisions in making credit.

The Influence of Services on Credit Decisions

The results of the H_3 test show that the service does not have a significant influence on credit decision making. The results of testing the service hypothesis with credit-taking decisions proved to have no significant effect with the t-count result of 1.222 while the t-table value of 1.98525. The results of statistical calculations show that $t \text{ count} < t \text{ table}$ with a value of $1.222 < 1.98525$ or a significant level of $0.225 > 0.05$, so that statistical calculations partially show that service variables do not have a significant influence on credit making decisions. Thus H_0 is accepted and H_3 is rejected, which means the service variable does not have a significant influence on credit decision making.

Service is any activity that is intended or intended to provide satisfaction to customers, through this service the desires and needs of customers can be fulfilled. Several indicators that need to be considered in providing services, namely reliability in providing services that customers want quickly, accurately and satisfactorily; responsiveness in helping, conveying information clearly and precisely, and not letting customers wait long; polite, skilled, and able to provide a sense of security and trust to customers; provide sincere attention and seek to understand the wishes and needs of customers; and provide the best facilities & infrastructure to show the existence of the bank to external parties regarding the services provided. With good service, customers will feel satisfied, thus service is very important in an effort to attract prospective customers to use the products and services offered.

The results of this study provide an explanation that the better or not the service provided, does not affect the credit decision making. These results support previous research from Dian Efriyenti and Viola Syukrina E Janros (2017), concluding that bank services have no effect on credit decisions.

The Effect of Promotion on Credit Decisions

The results of the H4 test show that promotion does not have a significant effect on credit decision making. The results of testing the promotion hypothesis with credit-taking decisions proved to have no significant effect with the t-count result of 1.350 while the t-table value of 1.98525. The results of statistical calculations show that $t \text{ count} < t \text{ table}$ with a value of $1.350 > 1.98525$ or a significant level of $0.180 > 0.05$, so that statistical calculations partially show that promotion variables do not have a significant influence on credit making decisions. Thus H_0 is accepted and H_4 is rejected, which means that the promotion variable has no significant effect on credit decisions.

Promotion is the flow of information a direction made to direct someone to action that creates exchange or marketing. The method used in influencing these consumers is through information and communication between sellers and potential consumers regarding the products offered. Several indicators that can be used in conducting promotions are conveying the promotion well and clearly so that it is easily understood by the market; use the right media according to the target market; and promotions must be carried out periodically so that prospective customers do not get bored or forget the products offered. By influencing prospective customers continuously, either directly or indirectly, promotional activities aim to make prospective customers able to first identify the products offered, then be interested and finally be able to make a decision to make a transaction.

The results of this study provide an explanation that the better or not the promotion is carried out, it does not affect the credit decision making. These results support previous research from Elpanda Sukma M.K (2017), concluding that there is no positive and significant effect of promotion on the decision to take credit.

4. Conclusion

Based on the results of research and discussion, the following conclusions can be drawn:

- 1) Location has no influence on credit decisions. Based on the results of hypothesis testing, the location with the credit decision does not have a significant effect. So it can be concluded that location does not have a significant effect on customers. In this digital era, face-to-face activities have begun to decrease, but the location element is still very important for some customers who are old or maybe not very interested in the digital world. A strategic, safe, and comfortable location is the main key in the location element that will attract customers to visit and make transactions.
- 2) Interest Rate has an influence on credit decision making . Based on the results of hypothesis testing, interest rates with credit decisions have a significant effect. The interest rate is a very important element in determining credit taking. By providing an interest rate that is in accordance with careful consideration of the bank's needs and customer needs, it can attract many people to take credit at our bank,
- 3) Service has no influence on credit decision making. Based on the results of testing the service hypothesis with credit decisions, it does not have a significant effect. So it can be concluded that the service does not have a significant effect for customers who will take credit at PT. BPR BKK Tegal City. Service is the heart of a series of service company activities. If the customer gets satisfactory service, the customer will feel happy to make transactions and even come back to make other transactions,
- 4) Promotion has no influence on credit decisions. Based on the results of testing the promotion hypothesis with credit decisions, it has no significant effect. So it can be concluded that the promotion given by PT. BPR BKK Kota Tegal does not have a significant influence on

customers who will take credit. Promotion is an activity to introduce products to persuade prospective customers/customers to be interested and make transactions. Promotions that are attractive and follow trends will usually get more attention and interest from the public. Promotions that are carried out regularly can also instill public memory and trust in the products/services offered.

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