

The Influence of Pricing Rate and Credit Procedures on Home Purchase Decisions with Purchase Intention as a Mediating Variable (Case Study of Pt. Bank CIMB Niaga Bogor Branch)

Alexander Bagus Lowu¹, Bernard T. Widjaja², Jimmy Lizardo³

^{1,2,3} Universitas Kristen Krida Wacana Fakultas Ekonomi Dan Bisnis Program Studi Magister Manajemen Jakarta, Indonesia

E-mail: lowubagus@gmail.com

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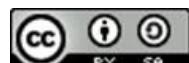
ABSTRACT

This study investigates the impact of pricing rates and credit procedures on home purchase decisions, focusing on PT Bank CIMB Niaga Bogor Branch, with purchase intention serving as a mediating variable. Through empirical analysis and discussion, several key findings emerge. Firstly, pricing rates significantly influence home purchase decisions, indicating that competitive pricing strategies attract potential buyers. Secondly, efficient credit procedures positively affect purchase decisions by facilitating smoother transaction processes for consumers. Additionally, both pricing rates and credit procedures independently contribute to enhancing purchase intention among buyers. Importantly, purchase intention plays a critical role as it mediates the relationship between pricing rates, credit procedures, and final purchase decisions. These findings underscore the interconnectedness of pricing strategies, credit facilitation, purchase intention, and actual purchase behavior in the housing finance sector, providing valuable insights for strategic decision-making in banking institutions.

Keywords: pricing rates, credit procedures, home purchase decisions, purchase intention, PT Bank CIMB Niaga Bogor Branch

INTRODUCTION

One of the most basic human needs is shelter or shelter. This is very important because every individual needs space to rest and feel safe. Housing is one of the basic human needs because it provides space to rest and feel safe. A house is not only a physical building, but also provides protection from weather, threats and other external dangers, and is the center of family life. At home, family values are taught and maintained, as well as being a gathering place to share stories, experiences and affection. A good location and sturdy buildings ensure safety and comfort, while a comfortable environment supports a better quality of life. The appropriateness of a home includes security, comfort and supporting facilities, which are important indicators of a person's well-being because they affect physical and mental health. Apart from that, a house is also an investment vehicle that provides a sense of financial security and a value that can increase in the future



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Table 1 Population by Gender and Age in 2022

Klasifikasi Kelompok Umur	Laki-laki	Perempuan	Total
0-4	11.303.486	10.790.940	22.094.426
5-9	11.242.240	10.771.528	22.013.768
10-14	11.356.245	10.732.428	22.088.673
15-19	11.432.945	10.730.583	22.163.528
20-24	11.553.101	10.937.327	22.490.428
25-29	11.485.755	10.977.945	22.463.700
30-34	11.215.437	10.851.398	22.066.835
35-39	10.743.266	10.504.708	21.247.974
40-44	10.207.099	10.088.092	20.295.191
45-49	9.378.468	9.348.774	18.727.242
50-54	8.240.714	8.259.566	16.500.280
55-59	6.945.016	7.016.199	13.961.215
60-64	5.485.951	5.575.573	11.061.524
65-69	4.035.907	4.163.383	8.199.290
70-74	2.530.385	2.739.282	5.269.667
75+	2.232.914	2.897.119	5.130.033
Total	139.388.929	136.384.845	275.773.774

Source: BPS 2022

In 2022, there will be 275.77 million people living in Indonesia; by 2045, that number is expected to increase to 318.95 million. Indonesia's increasing population is the main driver of the country's 2.6 million yearly housing demand. However, the desire to buy a house becomes difficult because prices continue to increase and sometimes exceed one's salary. With demand for housing increasing, this offers opportunities for property developers and real estate companies to increase sales.

Table 2 Position of Property Financing Provided by Commercial Banks by Bank Group (Rp Billion)

KPR and KPA credit	2020	2021	2022
Bank Persero	306.331	330.172	336,488
Regional Government Bank	23,291	25,329	27,380
National Private Bank	187,707	212,748	238,587
Foreign Banks and Joint Banks	2,075	1,814	1,517
Amount of KPR and KPA Credit	519,404	570,063	603,975

Source: Bank Indonesia 2023

KPR and KPA financing increased every year from 2020 to 2022. In 2020, KPR and KPA credit disbursement reached 519,404 billion, with Bank Persero providing the largest contribution of 306,331 billion, followed by National Private Banks, Regional Government Banks, and Foreign and Joint Venture Banks. In 2021, financing by Bank Persero will increase to 330,172 billion, while National Private Banks will reach 212,748 billion and Regional Government Banks will reach 25,329 billion. 2022 shows a further increase, with Bank Persero disbursing 336,488 billion, National Private Banks 238,587 billion, and Regional Government Banks 27,380 billion. This growth reflects the development of the Indonesian banking sector and increasing competition between Islamic and conventional banks, with various new products being developed. Banks provide home credit products such as conventional mortgages to meet housing demand which is influenced by factors

such as house prices, income and economic conditions. The government appoints banks to distribute mortgages to help individuals overcome financial difficulties related to housing, with the aim of facilitating home ownership through installments within their means.

During the financial crisis in the late 1990s, most of Bank CIMB Niaga's shares were owned by the Indonesian Government. In 2002, the majority of its shares were purchased by CIMB Group Holdings from IBRA. This share ownership was then transferred to CIMB Group in 2007 as part of the consolidation of the universal banking platform. In 2005, Khazanah, one of the shareholders of CIMB Group Holdings, purchased major ownership of LippoBank. In 2008, CIMB Group acquired the ownership. Since 2007, Khazanah has believed that business combinations are necessary to fulfill Bank Indonesia's Single Presence Policy (SPP). In May 2008, Bank Niaga changed its name to Bank CIMB Niaga, marking the first business merger in Indonesia. Over time, people need appropriate home financing products, so banks are competing to launch attractive Home Ownership Credit (KPR) products.

Tabel 3 Summary of Consumer Banking Operational Performance in 2022 (Billion)

Kredit Perbankan Konsumen	2022	2021	2020	Pertumbuhan (%)	
				2021-2022	2020-2021
Kredit Perumahan	41.785	39.036	35.782	7,04%	9,09%
Kredit Kendaraan	11.759	8.693	6.750	35,27%	28,78%
Kredit Tanpa Agunan	3.385	3.172	3.271	6,72%	(3,01%)
Kartu Kredit	9.009	8.593	8.891	4,85%	(3,36%)
Kredit serbaguna dan lainnya	1.255	623	372	101,28%	67,51%
Total	67.194	60.117	55.067	11,77%	9,17%

Source: PT Bank CIMB Niaga website, 2023

The table illustrates a notable rise in CIMB Niaga's Housing Credit (KPR) financing over the past three years. In 2020, KPR financing amounted to 35,782 billion rupiah, increasing to 39,036 billion rupiah in 2021 (a growth of 7.04%), and further to 41,785 billion rupiah in 2022 (a growth of 9.09%). Despite the increasing total amounts, the growth rate declined by 2.05% due to selective credit policies implemented post-COVID-19 aimed at managing bad credit ratios.

Banks must offer attractive propositions to attract consumers, especially mortgage users. Despite occasional conflicts with Islamic beliefs, conventional banks remain popular due to profitable home loans. Social, economic, cultural, and psychological factors contribute to increased interest in banking services and purchasing power. With rising housing prices, KPR has become a primary alternative for housing financing, enabling individuals to finance homes through specified payments. Banks use public funds for credit provision, with credit dominating assets and interest income. Consumer decisions on home purchases are influenced by credit requirements, housing needs, and income levels. Effective credit risk management requires robust procedures, prudential principles, and consistent policies to prevent bad credit. Understanding consumer behavior is crucial for banks to manage preferences and choices. Consumer behavior, influenced by personal characteristics, needs, preferences, and lifestyle, plays a pivotal role in banking service decisions. Pricing strategies significantly impact demand and consumer decisions, necessitating appropriate pricing aligned with product benefits for affordability and market competitiveness.

Table 4 Mortgage Interest Rates for Several Banks as of December 2023

BANK	Fixed Period Rate		
	3 Year Fix	5 Year Fix	Fix 8 Years
BCA	3.70%	4.50%	6.80%
INDEPENDENT	3.25%	4.25%	7.88%
BNI	3.76%	4.75%	7.25%
CIMB NIAGA	3.68%	4.25%	7.50%

BTN	8.88%	8.99%	9.99%
DANAMON	3.65%	5.25%	N/A

Source: Processed by researchers, 2023

Based on Table 1.4, CIMB Niaga's 3 Year Fixed interest rate is 3.68% lower than BCA (3.70%), BNI (3.76%), and BTN (8.88%). For the 5 Year Fix interest of 4.25% and the 8 Year Fix interest of 7.50%, CIMB Niaga's interest rates remain competitive. KPR (Home Ownership Credit) products are available to help consumers buy a house on credit, because rising housing costs make people less interested in paying cash. Demand for mortgage products continues to increase due to this condition.

Apart from credit procedures and price levels, Arief's (2017) research shows that purchasing interest is very important in purchasing decisions. This research proves that when someone has high buying interest, purchases also increase. Bintang and Rivera (2023) also found that purchasing interest is one of the factors that influences consumer purchasing decisions. The higher a person's buying interest, the more likely they will make a purchase. Engel, in his opinion quoted by Nih Luh Julianti (2014), states that buying interest is a driving force or intrinsic motive that encourages a person to pay attention spontaneously, naturally, easily, without coercion and selectively to a product, which then leads to decision to buy. Maduma Sormin's research (2021) explains that buying interest has a mediating role between perceptions of interest rates and credit procedures on purchasing decisions. Customers who have a strong desire to buy can increase product purchasing decisions. Based on the description of the problem above, research needs to be carried out to see how much influence pricing rates and credit procedures have on home purchases. Therefore, researchers are interested in conducting research on "The influence of pricing rates and credit procedures on house purchase decisions with purchase interest as a mediating variable (Case study at PT Bank CIMB Niaga Bogor Branch)".

METHOD

This research adopts a quantitative approach rooted in the philosophy of positivism Sugiyono (2015: 13). This approach is carried out through a survey method to collect data from a certain population or sample with predetermined research instruments. The collected data is then analyzed statistically to test the hypothesis that has been formulated. A quantitative approach allows researchers to obtain data that is objective and can be measured empirically, so that research results can provide conclusions that can be tested for statistical truth. The positivism philosophy that underlies this approach assumes that phenomena can be observed, measured and explained with concrete and measurable cause and effect relationships.

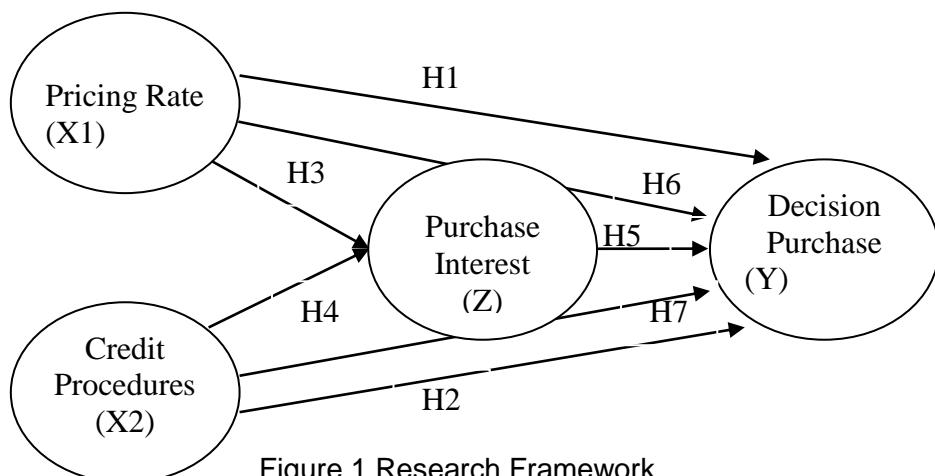


Figure 1 Research Framework
Source: Author (2023)

Hipotesis Development

This research investigates factors influencing house purchase decisions at PT Bank CIMB Niaga Bogor Branch. It proposes hypotheses focusing on pricing rates and credit procedures. The first hypothesis suggests that competitive pricing can enhance purchasing interest, market share, and consumer loyalty. The second hypothesis proposes that efficient credit procedures facilitate decision-making and increase confidence in credit services. Additionally, hypotheses three and four explore how pricing rates and credit procedures directly influence consumer interest in housing products, aiming to provide insights into effective strategies for banking growth in the housing sector.

Population and Sample

Customers of PT Bank CIMB Niaga Bogor branch who have home ownership credit (KPR) are the population in this research. A thorough analysis of the mortgage loan features offered by various financial institutions can be carried out, so that the data collected is more representative and relevant. Purposive sampling is a sampling approach used in this research to select a representative sample from the available population that will reflect the population as a whole. (Sanusi, 2016:87). According to Hair (2010: 176), to obtain appropriate goodness of fit, a minimum sample measurement is recommended by multiplying each parameter by 5-10 observations. Table 3.1 below presents the sample size.

Table 5 Details of Respondents by Region

No	Variable	Number		Number of Samples
		of Indicator	s	
1.	Pricing Rate(X1)	5	6	20
2.	Credit Procedure (X2)	4	6	24
3.	Purchase Interest (Z)	4	6	24
4.	Home Purchase Decision (Y)	6	6	36
Total		19	6	114

Source: Data Processing

Based on these calculations, the number of research variable indicators is 19 times 6, resulting in a sample size of 114 customers who have active mortgage loans from January 2022 to April 2024 at PT Bank CIMB Niaga Bogor branch. A purposive sampling technique was used to determine the sample, where all customers with active mortgage loans from that period were taken as the population, and the sample was selected through drawing until the desired number was reached.

Operational Variables

Research variables are a crucial component in every scientific study. Variables are defined as concepts that have been operationalized, or more specifically, as operational properties of an object. Therefore, the variables that will be analyzed in this research include:

Table 6 Variables, Operational Definitions, and Indicators (Dimensions)

Variable	Operational definition	Indicator	Measuring Scale	Indicator Reference
Pricing Rate (X1)	The process by which someone selects, organizes and interprets information to form something meaningful, in this case the interest rate	1. Customer assessment of interest rates 2. Interest rate function 3. type of interest rate	Interval s	Maduma Sormin (2021)

	that is the customer's responsibility(Kotler and Armstrong, 2014:214)	4. Desire for credit interest rates 5. Awareness of paying credit interest		
Credit Procedure (X2)	A stage that must be fulfilled by customers in credit advice, where the procedure is easy and clear is considered very efficient and effective and most debtors admit that they prefer institutions that provide credit procedures that are clear or easy to understand and do not require many conditions (Hasibuan, 2017).	1. Credit realization 2. Ease of procedure 3. Speed of implementation 4. Credit requirements	Interval s	Dwir Utami (2019)
Purchase Interest (Z)	Consumer behavior that appears as a response to an object that shows a person's desire to make a purchase (Kotler and Keller, 2016: 164)	1. Attention 2. Interest (Interest) 3. Desire 4. Action (Action)	Interval s	Rizky (2014)
Home Purchase Decision (Y)	Purchasing decisions are an integration process that is combined to evaluate two or more alternative behaviors and choose one of them (Jackson, 2013: 610)	1. Product selection 2. Brand choice 3. Choice of dealer 4. Purchase time 5. Purchase amount 6. Payment method	Interval s	Kotler and Keller (2012:18)

Source: Data Processing

Data collection technique

Data collection followed a methodical and standardized approach aligned with the study's objectives and characteristics, as recommended by Nazir (2014: 211). A questionnaire was utilized, comprising written statements or questions. The Likert scale served as the evaluation tool, enabling measurement of respondents' attitudes, views, and perceptions of social phenomena. This scale facilitated capturing nuanced variations in respondent reactions, spanning from very positive to very negative, as per the framework articulated by Sugiyono (2017: 199).

Table 7 Likert scale table

Statement	Evaluation
Strongly agree	5
Agree	4
Enough	3
Don't agree	2
Strongly disagree	1

Source: Data Processing

Data analysis technique

Structural Equation Modeling (SEM) was applied in this research using multivariate statistical techniques, combining regression and factor analysis to explore complex variable interactions (Santoso, 2011:17). SEM facilitated measurement and evaluation of relationships between constructs and indicators, shedding light on their interactions within the study context. Methodical interpretation and in-depth data analysis were employed to uncover social phenomena and address research inquiries. The multilevel structural model, implemented through AMOS software and SEM methods, aimed to validate the study model (Santoso, 2007: 13-14).

SEM encompasses measurement models and structural models, each employing specific analytical tools to test variables' suitability and relationships (Santoso, 2007: 11-12). Confirmatory Factor Analysis (CFA) validated measurement models by ensuring indicators accurately measured constructs. Multiple Regression Analysis tested structural models, identifying significant relationships between exogenous and endogenous variables. These tools enabled researchers to investigate complex relationships systematically.

Key stages of SEM analysis included model creation based on theory, establishing a research design aligned with objectives, and validating model fit and analytical capabilities (Santoso, 2007: 13-14). Testing involved verifying correlations between indicators and constructs in measurement models, and relationships among constructs in structural models. Adequate sample size, normal data distribution, and appropriate estimation methods such as maximum likelihood were critical for analysis validity (Santoso, 2007: 65-67). Handling of non-normal data or outliers also influenced interpretation and research conclusions, underscoring the importance of methodological rigor in SEM application.

RESULT AND DISCUSSION

A. Descriptive Analysis

The grouping of respondents' characteristics is based on gender, domicile, age, monthly income. Questionnaires are distributed from May 20, 2024 at 13:24:13 to May 30, 2024 at 11:35:35. This means that the questionnaire was distributed and filled in by respondents within 10 days.

a. Gender

Table 8 Percentage Results Based on Respondent's Gender

Gender	Amount
Man	68
Woman	46
Amount	114

Source: Primary Data processed by Ms. Excel, 2024

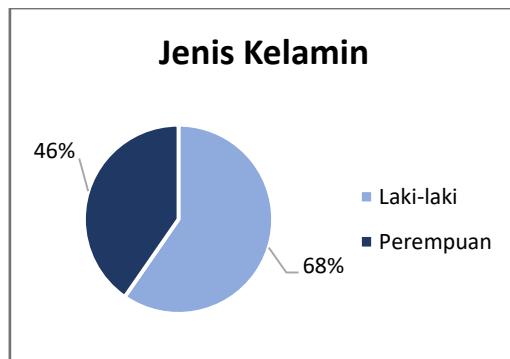


Figure 2 Results Percentage of Gender of Respondents
Source: Data Processing

Based on table 4.18, it can be seen that the grouping is based on gender. It was found that the ratio of the number of respondents to the percentage of female respondents was 46% or 46 people, while for men it was around 68% or 68 people.

b. Age

Table 9 Percentage Results Based on Age

Gender	Amount
21-35 Years	70
36-55 Years	41
> 55 Years	3
Total	114

Source: Primary Data processed by Ms. Excel, 2024

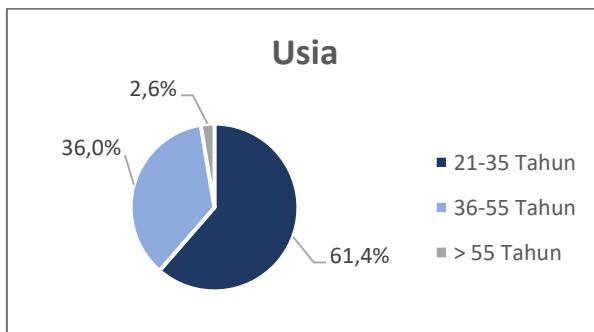


Figure 3 Percentage Results Based on Respondent's Gender
Source: Data Processing

Based on table 4.23, it can be seen that the grouping is based on age. The respondents who filled in the most or were dominant were respondents aged between 21 - 35 years as much as 61.4%, while in second place as many as 36.4% were respondents aged between 36 - 55 years and in third position was 2.6%. are respondents aged above 55 years.

c. Income

Table 10 Percentage Yield Based on Income

Monthly income	Amount
IDR 5 – 10 Million	29

Rp. 10- 25 Million	37
Above IDR 25 Million	48
Total	114

Source: Primary Data processed by Ms. Excel, 2024

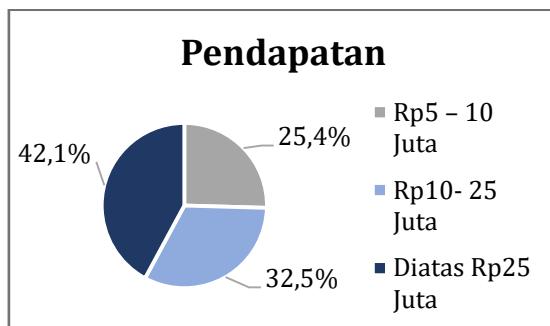


Figure 4 Results Based on Respondents' Monthly Budget

Source: Data Processing

Based on table 4.26, it can be seen that the grouping is based on monthly income. As many as 42.1% of respondents had incomes above IDR 25 million per month and 32.5% of respondents had incomes between IDR 10 million - IDR 25 million and 25.4% of respondents had incomes of IDR 5 million - IDR 10 million per month.

Questionnaire Validity Test

The draft survey questionnaire was distributed from May 20, 2024 at 13:36:11 to May 30, 2024 at 12:05:32. This means that the questionnaires were distributed and filled out within 10 days. The following are the results of the questionnaire validity test analysis which was carried out on 114 initial respondents, which can be seen in the table below:

Table 11 Validity Testing Results

Variables	Items	Loading Value
Pricing Rate (X1)	PR1	1,000
	PR2	1,005
	PR3	1,005
	PR4	1,025
Credit Procedure (X2)	PK1	1,003
	PK2	1,003
	PK3	1,002
	PK4	1,000
Purchase Interest(Z)	MB1	1,004
	MB2	1,000
	MB3	0.998
	MB4	1,000
Purchase Decision (Y)	KP1	1,000
	KP2	0.996
	KP3	0.997
	KP4	0.997
	KP5	0.998
	KP6	0.996

Source: Data processed, 2024

After testing the validity of the instrument consisting of 19 statement items with an r-table of 0.50, it was found that all of the statement items were declared valid with the loading value obtained from calculating the statement items being greater than the r-table of 0.50.

Questionnaire Reliability Test

The reliability test of this research questionnaire was carried out using Microsoft Office Excel software as follows:

Table 12 Reliability Test Results

Total Item Variance	13,862
Total Variance	9,085
R11	1,054
Reliability	Very High Reliability

Source: Primary Data processed, 2024

Based on the calculation results in table 4.2, a Cronbach's Alpha value of $1.054 \geq 0.60$ was obtained. So the statement instrument in the questionnaire is declared reliable for all statement items. In this way, the items from the questionnaire statements can be used for further data measurement.

Test the Measurement Model Before Trimming

At this stage, Confirmatory Factor Analysis (CFA) is used to correct manifest variables that do not meet the requirements by connecting exogenous latent variables such as Pricing Rate, Credit Procedures, and Purchase Interest with the endogenous variable, namely Purchase Decision. Evaluation is carried out by deleting manifest variables that have a value of more than 0.05 in the Regression Weight table in column P, as well as deleting manifest variables that have a loading of less than 0.50 in the Standardize Regression Weight table in the Estimate column. If a manifest variable is deleted, it is necessary to recalculate without that variable before proceeding to the next step, namely testing the assumptions in the Structural Model. This stage uses data from 114 respondents who have answered the questionnaire to test this Measurement Model.

CFA Test of Exogenous Latent Variables Before Trimming

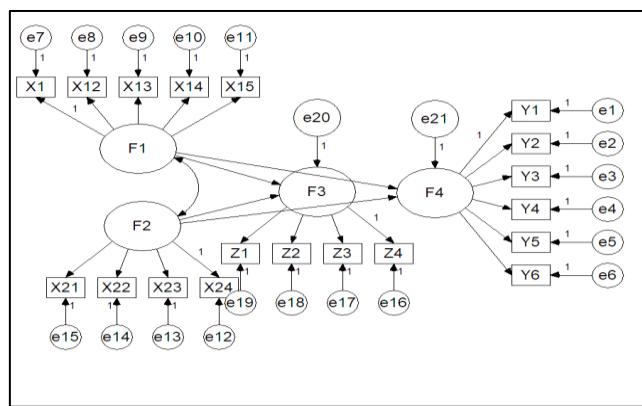


Figure 5 Exogenous Latent Variable Diagram
Source: Data Processing

Table 13 Regression Weights Table for Exogenous Latent Variables

	Estimate	S.E	CR	P	Label
F3 <--- F1	,631	,451	1,398	,162	par_16
F3 <--- F2	,508	,450	1,129	,259	par_17
F4 <--- F1	,947	1,287	,736	,462	par_18

		Estimate	S.E	CR	P	Label
F4	<--- F2	,810	1,282	,632	,527	par_19
Y1	<--- F4	1,000				
Y2	<--- F4	,996	,003	323,389	***	par_1
Y3	<--- F4	,997	,003	341,575	***	par_2
Y4	<--- F4	,997	,003	345,302	***	par_3
Y5	<--- F4	,998	,003	319,836	***	par_4
Y6	<--- F4	,996	,003	341,979	***	par_5
X1	<--- F1	1,000				
X12	<--- F1	1,005	,005	210,144	***	par_6
X13	<--- F1	1,005	,005	191,983	***	par_7
X14	<--- F1	1,025	,013	79,836	***	par_8
X15	<--- F1	1,004	,005	216,689	***	par_9
X24	<--- F2	1,000				
X23	<--- F2	1,002	,004	246,941	***	par_10
X22	<--- F2	1,003	,005	222,121	***	par_11
X21	<--- F2	1,003	,006	157,404	***	par_12
Z4	<--- F3	1,000				
Z3	<--- F3	,998	,003	363,758	***	par_13
Z2	<--- F3	1,000	,004	264,101	***	par_14
Z1	<--- F3	1,004	,011	94,689	***	par_15

Source: Data Processing

Based on Table 13 Regression Weights in column P, all the numbers are in the form (***) (=P<0.05) which means that all Manifest Variables (-=VM) have passed the criteria.

Table 14 Standardized Regression Weights Exogenous Latent Variables

			Estimate
F3	<--- F1	,533	
F3	<--- F2	,430	
F4	<--- F1	,478	
F4	<--- F2	,410	
Y1	<--- F4	1,000	
Y2	<--- F4	1,000	
Y3	<--- F4	1,000	
Y4	<--- F4	1,000	
Y5	<--- F4	1,000	
Y6	<--- F4	1,000	
X1	<--- F1	,999	
X12	<--- F1	,999	
X13	<--- F1	,999	
X14	<--- F1	,992	
X15	<--- F1	1,000	
X24	<--- F2	1,000	
X23	<--- F2	1,000	
X22	<--- F2	,999	
X21	<--- F2	,998	
Z4	<--- F3	1,000	
Z3	<--- F3	1,000	

			Estimate
Z2	<---	F3	,999
Z1	<---	F3	,994

Source: Data processed, 2024

Based on Table 4.4 Standardized Regression Weights in the Estimate column, it produces all Manifest Variables >0.50, which means all Manifest Variables (=VM) have passed the criteria.

CFA Test for Endogenous Latent Variables Before Trimming

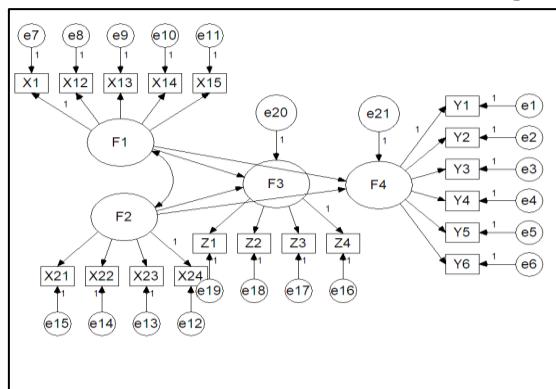


Figure 6 Endogenous Latent Variable Diagram
Source: Data Processing

Table 15 Regression Endogenous Latent Variable Weights

	Estimate	S.E	CR	P	Label
F1	145,580	19,312	7,538	***	par_21
F2	146,690	19,448	7,543	***	par_22
e20	14,915	1,985	7,515	***	par_23
e21	121,700	16,144	7,538	***	par_24
e1	,448	,063	7,140	***	par_25
e2	,175	,027	6,493	***	par_26
e3	,110	,019	5,862	***	par_27
e4	,099	,017	5,655	***	par_28
e5	,189	,029	6,572	***	par_29
e6	,109	,019	5,841	***	par_30
e7	,221	,036	6,112	***	par_31
e8	,157	,029	5,481	***	par_32
e9	,232	,038	6,170	***	par_33
e10	2,505	,338	7,421	***	par_34
e11	,134	,026	5,137	***	par_35
e12	,139	,028	5,005	***	par_36
e13	,136	,028	4,936	***	par_37
e14	,201	,035	5,805	***	par_38
e15	,539	,078	6,920	***	par_39
e16	,093	,024	3,952	***	par_40
e17	,083	,023	3,631	***	par_41
e18	,240	,038	6,336	***	par_42
e19	2,524	,339	7,439	***	par_43

Source: Data processed, 2024

Based on Table 15 Regression Weights in column P, all the numbers are in the form (**), (=P<0.05) which means all Manifest Variables have passed the criteria.

Table 16 Standardized Regression Weights Endogenous Latent Variables

	Estimate
F3	,927
F4	,787
Z1	,988
Z2	,999
Z3	1,000
Z4	1,000
X21	,996
X22	,999
X23	,999
X24	,999
X15	,999
X14	,984
X13	,998
X12	,999
X1	,998
Y6	1,000
Y5	1,000
Y4	1,000
Y3	1,000
Y2	1,000
Y1	,999

Source :Data processed, 2024

Based on Table 4.6 Standardized Regression Weights in the Estimate column, it produces all Manifest Variables > 0.50, which means all Manifest Variables have passed the criteria. **Conclusion:**Based on the Measurement Model Test, all criteria have passed, so all Manifest Variables can be used in the next analysis, namely: Structural Model Test.

Test the Structural Model BEFORE Trimming

Based on testing the Measurement Model in chapter 4.1.3, it turns out that all the Manifest Variables of the Exogenous and Endogenous Latent Variables have met the criteria, so the Structural Model image is as follows:

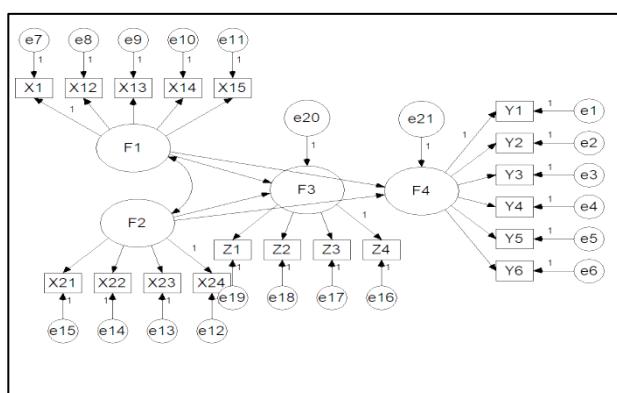


Figure 7 Research Structural Diagram

Source: Data processed, 2024

Evaluate Outliers BEFORE Trimming

Outliers is an observation condition where data that has unique characteristics can look very different or have extreme values. To be able to detect outliers, you need to pay attention to the Mahalanobis Distance value in the Observation Farther from Centroid table.

Table 17 Table Observations Farther from Centroid

Observation number	Mahalanobis d-squared	p1	p2
115	113,941	,000	,000
2	45,185	,001	,003
56	44,880	,001	,000
34	42,518	,002	,000
106	42,484	,002	,000
38	40,818	,003	,000
16	36,122	,010	,000
66	35,727	,011	,000
17	34,634	,015	,000
22	32,924	,025	,001
9	31,160	,039	,005
51	30,889	,042	,003
82	30,482	,046	,002
12	29,876	,053	,003
63	29,815	,054	,001
21	29,514	,058	,001
83	29,211	,063	,001
49	29,101	,064	,000
11	28,913	,067	,000
86	28,500	,074	,000
74	27,758	,088	,001
33	27,683	,090	,001
28	26,611	,114	,005
104	25,053	,159	,094
72	24,873	,165	,085
43	24,830	,166	,059
24	24,080	,193	,155
103	23,908	,200	,146
13	23,051	,235	,367
57	22,910	,241	,346
32	22,449	,262	,467
65	22,080	,280	,555
7	21,631	,303	,679
29	21,264	,322	,760
113	21,242	,324	,703
35	21,061	,333	,711
48	20,521	,364	,850
111	20,042	,392	,928
75	19,897	,401	,927
69	19,844	,404	,908

Observation number	Mahalanobis d-squared	p1	p2
39	19,635	,417	,921
18	19,400	,431	,938
67	19,397	,432	,911
80	19,344	,435	,890
98	18,891	,464	,951
8	18,305	,502	,989
15	18,291	,503	,983
10	17,923	,528	,993
64	17,877	,531	,990
71	17,524	,554	,996
84	17,375	,564	,997
76	17,195	,577	,997
52	16,973	,592	,998
93	16,913	,596	,998
46	16,727	,608	,998
3	16,552	,620	,999
50	16,237	,641	,999
14	16,173	,646	,999
73	16,047	,654	,999
99	15,931	,662	,999
112	15,685	,678	1,000
95	15,570	,686	1,000
1	15,314	,702	1,000
70	15,263	,706	1,000
60	15,198	,710	1,000
47	15,041	,720	1,000
59	14,808	,735	1,000
53	14,755	,738	1,000
44	14,536	,752	1,000
31	14,516	,753	1,000
58	14,483	,755	1,000
54	14,458	,756	,999
19	14,358	,762	,999
36	14,241	,769	,999
89	14,102	,778	,999
45	13,663	,803	1,000
62	13,630	,805	1,000
97	13,625	,805	1,000
77	13,580	,808	,999
55	13,550	,809	,999
109	13,376	,819	,999
108	13,335	,821	,998
87	13,202	,828	,998
105	13,148	,831	,998
90	12,608	,858	1,000

Observation number	Mahalanobis d-squared	p1	p2
79	12,402	,868	1,000
61	12,079	,882	1,000
20	11,686	,899	1,000
92	11,675	,899	1,000
25	11,595	,902	1,000
94	10,856	,929	1,000
101	10,852	,929	1,000
26	10,766	,931	1,000
4	10,692	,934	1,000
68	10,569	,937	1,000
91	9,891	,956	1,000
40	9,610	,962	1,000
78	9,258	,969	1,000
42	9,104	,972	1,000
100	8,925	,975	1,000

Source: Data processed, 2024

In the data analysis stage of this research, the Mahalanobis d-squared criterion was used to identify and remove outliers based on the Chi-Squared value calculated using the CHIINV formula in MS-Excel. The probability value or critical distance used is 0.001 with degrees of freedom of 19 statement items in the questionnaire. A total of 38 respondents were considered outliers because their Mahalanobis Distance exceeded the critical Chi-Squared value of 76.09. After the outlier removal process, further analysis was carried out on the remaining data for the Measurement Model Test and Structural Model Test. This step is important to ensure the integrity and validity of the analysis results which can provide accurate insights related to the objectives of this research.

Data Normality Test

Data normality testing can be seen in the Assessment of Normality table. The data criteria are declared normal if the values of the Manifest variables in the cr skew and cr multivariate columns are each in the area $\leq \pm 2.58$, below are the details of the table:

Table 18 Table Assessment of Normality

Variables	min	max	skew	cr	kurtosis	cr
Z1	1,000	114,000	10,223	44,757	105,036	229,924
Z2	2,000	114,000	10,523	46,067	109,161	238,953
Z3	3,000	114,000	10,540	46,146	109,408	239,492
Z4	3,000	114,000	10,537	46,131	109,360	239,389
X21	2,000	114,000	10,360	45,357	106,912	234,028
X22	2,000	114,000	10,437	45,694	107,978	236,363
X23	1,000	114,000	10,441	45,712	108,036	236,489
X24	2,000	114,000	10,437	45,691	107,970	236,345
X15	3,000	114,000	10,543	46,157	109,442	239,568
X14	1,000	114,000	10,216	44,726	104,875	229,571
X13	2,000	114,000	10,515	46,034	109,057	238,724
X12	2,000	114,000	10,523	46,068	109,164	238,959
X1	3,000	114,000	10,548	46,177	109,510	239,715
Y6	2,000	114,000	10,532	46,110	109,296	239,247

Variables	min	max	skew	cr	kurtosis	cr
Y5	2,000	114,000	10,499	45,963	108,835	238,239
Y4	2,000	114,000	10,515	46,035	109,058	238,727
Y3	2,000	114,000	10,529	46,094	109,245	239,135
Y2	3,000	114,000	10,540	46,144	109,402	239,480
Y1	2,000	114,000	10,537	46,131	109,366	239,400
Multivariate					133,320	25,305

Source: Data processed, 2024

Based on table 18, it can be seen that most of the Manifest Variables in the cr skew and cr multivariate columns have values $\geq \pm 2.58$, so it can be concluded that this research data is not normally distributed, both univariately and multivariately.

Reliability Test Results

Reliability in the context of this research is a measure of the internal consistency of indicators in a construct variable which shows the extent to which the indicators indicate a construct variable as a whole. There are two methods used to test reliability, namely Composite Construct Reliability (CR) and Average Variance Extracted (AVE). The discriminant validity test is carried out by using the \sqrt{AVE} value from Table 4.14 to enter the value into Table 4.15 Implied Covariance (for all variables), and then comparing the horizontal and vertical output values. The evaluation criterion is that each Latent Variable is considered discriminantly valid if the correlation between the Latent Variables is smaller than the relevant \sqrt{AVE} value.

Table 19 Discriminant Validity Table

	Pring Rate	Credit Procedures	Purchase Interest	Buying decision
Pricing Rate	0.687			
Credit Procedures	0.687	0.838		
Purchase Interest	0.624	0.871	0.837	
Buying decision	0.575	0.829	0.773	0.904

Source: Data processed, 2024

Meanwhile, the other latent variables are smaller than the \sqrt{AVE} value so it can be said to have good discriminant validity and can be continued for further structural testing, namely the Evaluation of the Goodness of Fit Index.

Hypothesis testing

After testing the structural model, the next step is to carry out hypothesis testing to analyze the relationship between the structural model and the proposed hypotheses. Testing will be carried out using the probability value from the regression weight table which has the criteria that the hypothesis is accepted if the P value is > 0.05 while the hypothesis is rejected if the value in the P column is < 0.05 , the results of data processing via AMOS 5 are as follows:

Table 20 Table Regression Weight

			Estimate	S.E	CR	P
Pricing Rate	→	Buying decision	0.233	0.114	2,048	0.041
Credit Procedures	→	Buying decision	0.623	0.102	6,091	***
Pricing Rate	→	Purchase Interest	0.383	0.078	4,927	***
Credit Procedures	→	Purchase Interest	0.279	0.049	5,697	***
Purchase Interest	→	Buying decision	0.276	0.069	3,991	***
Purchase Interest	→	Pricing Rate	0.747	0.095	7,902	***
Purchase Interest	→	Credit Procedures	0.063	0.102	-0.62	***
Purchase Interest	→	Buying decision	0.013	0.115	0.114	***

Source: Data processed, 2024

Table 20 Regression Weight will be a reference for testing the hypothesis in this research with the criteria that have been explained, namely the hypothesis is accepted if the P value is > 0.05 , while the hypothesis is rejected if the value in the P column is < 0.05 . The results of testing the hypotheses proposed in this research are as follows:

- H1: *Pricing Rate* positively and significantly influences Purchasing Decisions, table 4.17 shows a P value of 0.041, which means $P < 0.05$. If the pricing rate increases or decreases, this will influence customers' purchasing decisions
- H2: Credit Procedures positively and significantly influences Purchasing Decisions, table 4.17 shows a P value of *** which means $P < 0.05$. If credit procedures are made easier, it will influence customers' purchasing decisions
- H3: *Pricing Rate* positively and significantly influences Purchase Interest, table 4.17 shows a P value of *** which means $P < 0.05$. If the pricing rate increases or decreases, it will affect customer interest
- H4: Credit Procedures positively and significantly influences Purchase Interest, table 4.17 shows a P value of *** which means $P < 0.05$. If credit procedures are made easier, it will influence customer interest
- H5: Purchase Interest positively and significantly influences Purchasing Decisions, table 4.17 shows a P value of *** which means $P < 0.05$. If there is an increase or decrease in interest, it will influence customers' purchasing decisions
- H6: *Interest in buying* significantly mediates the effect of Pricing Rate on Purchasing Decisions, table 4.17 shows a P value of *** which means $P < 0.05$.
- H7: *Interest in buying* significantly mediates the influence of Credit Procedures on Purchasing Decisions, table 4.17 shows a P value of *** which means $P < 0.05$.

DISCUSSION

a. *Pricing Rate* positively and significantly influences Purchasing Decisions

Price plays a major role in consumer purchasing decisions, often being the main factor considered before making a purchase. Consumers tend to be attracted to competitive and relatively affordable prices, especially if the price is in line with the desired product quality. In a fiercely competitive market, competitive pricing can be a significant differentiator between products that are in demand and those that are not. Bank Permata understands the importance of price in attracting and retaining customers, and therefore offers competitive prices without sacrificing service quality.

According to Saladin (2018), price not only acts as a medium of exchange but also shapes consumer perceptions of product value. The right price can increase product competitiveness in the market and create a positive image of the brand or company. Strategic pricing requires in-depth market research to understand consumer expectations and purchasing power. Consumers often associate price with quality; a price that is too low may be considered to reflect poor quality, while a price that is too high may be considered not commensurate with the value provided.

Sri Wahyuni and Jonianto's (2016) research shows that price has a positive and

significant influence on purchasing decisions. Bank Permata with a competitive pricing strategy strives to be the main choice for consumers who are looking for quality banking services at affordable prices. In this context, price not only influences purchasing decisions but also plays a key role in building a positive image and consumer loyalty towards the bank.

b. Credit Procedures positively and significantly influence Purchasing Decisions

Strict and structured credit procedures are an important step in maintaining a bank's financial health and ensuring that credit is provided to customers who meet eligibility criteria. This process not only protects the bank from the risk of loss but also provides additional confidence to customers that credit decisions are being made fairly and accurately. Bank Permata implements careful and structured credit granting procedures to minimize risk and ensure that credit is only given to prospective debtors who meet established standards. In the process, Bank Permata conducts interviews with prospective debtors, evaluates financial data and BI Checking information to ensure accuracy and creditworthiness. This process not only supports informed credit decisions but also improves the bank's operational efficiency. Nonetheless, there is potential to increase efficiency by consolidating and simplifying administrative steps, which could speed up the credit decision-making process and increase customer satisfaction.

Dewi and Wirananda (2021) found that good credit procedures have a positive influence on purchasing decisions. The simplicity of credit procedures not only makes the process easier for customers but also strengthens their trust in the bank. This shows that efficient credit procedures not only impact purchasing decisions but also play an important role in increasing customer purchasing interest and loyalty to bank services.

c. Pricing Rate positively and significantly influences Purchase Intention

The price set for a product or service can significantly influence consumer purchasing interest. Competitive prices that match the value provided can increase consumer interest in purchasing the product, especially in a competitive market. Consumers often use price as one of the main determining factors in choosing the product or service to purchase.

According to Tjiptono (2018), price is not just a number but also a representation of the value of a product or service in the eyes of consumers. Prices that are considered appropriate to the value received can increase the attractiveness of the product and influence purchasing decisions. Bank Permata, with a competitive pricing strategy, tries to attract consumer interest by offering quality banking services at affordable prices.

Sunardi and Cahyani's (2021) research found that Pricing Rate has a positive and significant influence on consumer buying interest. The right pricing strategy can stimulate consumer purchase intentions and increase the sales performance of the products being promoted. Thus, competitive prices not only influence purchasing decisions but also contribute to increasing consumer purchasing interest in certain products or services

7. Credit Procedures positively and significantly influence Purchase Interest

Simple and transparent credit procedures can increase customer purchase interest in bank services. The ease of the credit application process, including fast and accurate evaluation, can motivate customers to choose the bank for their financial needs. Efficient processes in credit procedures not only speed up decision making but also increase customer confidence in the bank.

Hurriyati (2016) explains that credit procedures are the steps that must be taken by customers and banks in distributing credit. This process includes financial evaluation, risk analysis, and accurate creditworthiness determination. With clear and easy-to-understand procedures, banks can increase customers' buying interest and strengthen long-term relationships with them. Huda and Sudikin's (2019) research shows that credit procedures have a positive influence on customer purchasing interest. Procedures that are easy to understand and uncomplicated allow customers to feel more comfortable in applying for credit, which in turn increases their interest in using the banking services offered by the bank.

8. Purchase Interest positively and significantly influences Purchase Decisions

Purchase interest is a strong encouragement or motivation from consumers to purchase a product or service. The process of forming purchasing interest involves evaluating alternative products and choices that best suit consumer needs and preferences. When purchasing interest has been formed, consumers will tend to be more motivated to make purchases, thereby influencing their overall purchasing decisions. Kotler, Bowen, and Makens (2014) explained that purchase interest arises after an evaluation process which involves assessing the advantages and disadvantages of the selected product. This process creates a deeper commitment from consumers to the product or service they choose, which ultimately influences purchasing decisions. Research by Kharisma and Hutasuhut (2019) and Adriana and Ngatno (2020) found that buying interest has a positive effect on purchasing decisions. High purchasing interest can mediate the relationship between product preferences and consumer purchasing decisions. However, there is research that shows that buying interest does not always influence purchasing decisions

CONCLUSION

Based on the results of data analysis and discussions carried out in the previous chapter, there are several conclusions that can be drawn. First, Pricing Rate has a positive and significant influence on Purchasing Decisions. Second, Credit Procedures also influence Purchasing Decisions positively and significantly. Third, Pricing Rate has a positive and significant effect on Purchase Interest. Fourth, Credit Procedures have the same influence on Purchase Interest. Fifth, Purchase Interest positively and significantly influences Purchase Decisions. Sixth, Purchase Interest significantly mediates the influence of Pricing Rate on Purchase Decisions. Lastly, Purchase Interest also significantly mediates the influence of Credit Procedures on Purchase Decisions.

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