

Determinants of Home Mortgage Decisions: The Role of Interest Rates, Service Quality, and Ease of Requirements at Bank Bjb's Cibinong Branch

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ABSTRACT

The decision to take out a home loan (KPR) is a long-term financial decision influenced not only by cost considerations but also by service quality and the ease of the application process. This study aims to analyze the influence of perceptions of interest rates, service quality, and ease of requirements on the decision to take out a home loan at Bank bjb's Cibinong Branch. The study employs a quantitative approach with a cross-sectional survey design. Primary data were collected through a Likert-scale questionnaire administered to 140 respondents who are mortgage customers at Bank bjb's Cibinong Branch. The analysis was conducted using multiple linear regression, t-tests, F-tests, and the coefficient of determination. The results show that the perception of interest rates has a positive but insignificant effect on the decision to take out a mortgage, with a regression coefficient of 0.139 and a significance level of 0.070. Service quality has a positive and significant effect, with a regression coefficient of 0.447 and a significance level of <0.001. Ease of eligibility requirements had a positive but insignificant effect, with a regression coefficient of 0.134 and a p-value of 0.082. Collectively, all three variables had a significant effect on the decision to take out a mortgage, with $F = 29.137$ and a p-value < 0.001. The adjusted R-squared value of 0.378 indicates that the model explains 37.8% of the variation in mortgage decision-making. Service quality is the most dominant variable with a standardized beta of 0.442. The research findings confirm that service quality is a strategic factor in strengthening customers' decisions to take out a mortgage.

INTRODUCTION

Mortgage loans (KPR) are a type of banking financing product with characteristics distinct from typical banking transactions. Mortgage loans involve relatively large financing amounts, long tenors, complex verification processes, and long-term financial consequences for customers. Therefore, an individual's decision to take out a mortgage loan is an evaluation process involving various financial and non-financial aspects.

At the branch level, a customer's decision to take out a KPR is determined not only by the bank's ability to provide financing but also by how prospective customers perceive the value of the product being offered. Interest rates are a key factor because they directly affect monthly installment burdens and financing costs. However, service quality and the ease of meeting requirements can also influence the decision, as the KPR process requires intensive interaction between the customer and the bank.

The situation at Bank bjb's Cibinong Branch indicates that the increase in mortgage disbursements has not been fully accompanied by the achievement of targets. Based on research data, actual disbursements rose from approximately Rp51 billion in 2021 to Rp91 billion in 2025; however, this growth has not kept pace with the rising targets. Target achievement also declined to 82.7% by 2025.

In addition to the issue of target achievement, preliminary research indicates problems with customers' perceptions of mortgage services and requirements. Service quality is deemed inconsistent in terms of speed, clarity of information, responsiveness to inquiries, and communication of application status. Application requirements are also still perceived as quite complicated by some prospective customers.

These conditions indicate that the growth of the mortgage business cannot be adequately analyzed solely through loan disbursement indicators. It is important to understand how customers evaluate products and service processes before making a decision.

Conceptually, interest rates can be viewed as a cost factor, service quality as a service experience factor, and ease of requirements as a procedural factor. These three factors can shape perceptions of value, which in turn influence customer decisions.

Previous studies have examined price, service quality, and procedures in mortgage decisions. However, there is still a limited number of studies that simultaneously integrate cost, service experience, and procedural factors to explain mortgage decision-making at the branch level.

This study fills that gap by examining the influence of perceptions of interest rates, service quality, and ease of requirements on mortgage decision-making at Bank bjb's Cibinong Branch. The contribution of this study is to provide empirical evidence regarding the relative strengths of these three factors.

The objective of this study is to analyze the influence of perceived interest rates, service quality, and ease of requirements on mortgage decision-making, both partially and simultaneously.

METHOD

This study employs a quantitative approach with an explanatory-associative design and a cross-sectional survey. The unit of analysis consists of individuals who have taken out a mortgage at Bank bjb's Cibinong Branch and meet the study's criteria. Data were collected using a structured questionnaire with a Likert scale.

The number of research respondents was 140 mortgage customers of Bank bjb's Cibinong Branch. Analysis was conducted using descriptive statistics, instrument validation, model assumption tests, multiple linear regression, t-tests, F-tests, and the coefficient of determination.

The regression model used is: $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$. Y represents the decision to take out a mortgage; X_1 represents perception of interest rates; X_2 represents service quality; X_3 represents ease of requirements; α is the constant; β is the regression coefficient; and ε is the error term.

RESEARCH RESULTS

The multiple linear regression results yielded the following equation: $Y = 1.228 + 0.139X_1 + 0.447X_2 + 0.134X_3 + \varepsilon$.

Variables	Coefficient B	Beta	Sig.	Conclusion
Interest Rate	0.139	0.152	0.070	Not significant
Service quality	0.447	0.442	<0.001	Significant
Ease of Requirements	0.134	0.137	0.082	Not significant

Service quality has the largest standardized beta coefficient, namely 0.442.

The F-test results show $F = 29.137$ with a significance level of <0.001 . Thus, interest rates, service quality, and ease of requirements collectively have a significant effect on the decision to take out a mortgage. The Adjusted R^2 value of 0.378 indicates that the model explains 37.8% of the variation in the decision to take out a mortgage.

DISCUSSION

The Effect of Interest Rates

The interest rate has a positive coefficient of 0.139 with a significance level of 0.070. Since the significance level is greater than 0.05, the first hypothesis is not supported. These findings suggest that a positive perception of the interest rate is associated with mortgage decisions, but the relationship is not yet statistically significant. For products involving complex processes and long-term commitments, customers may also consider the quality of interactions, clarity of information, trust, and process certainty.

The Effect of Service Quality

Service quality has a positive and significant effect with a coefficient of 0.447 and a significance level of <0.001 . This finding is the most important result of the study. The standardized beta of 0.442 is the highest value compared to the other variables. This indicates that as the perceived quality of service improves, the decision to take out a mortgage also tends to become stronger. Mortgages require intensive interaction between customers and banks; therefore, explanations of the product, documentation, the analysis process, application status, costs, and the stages of the loan agreement are crucial components of service value.

The Effect of Ease of Requirements

Ease of requirements has a coefficient of 0.134 with a significance level of 0.082. Thus, the third hypothesis is not supported. The perception of ease of requirements has a positive direction but is not yet a statistically significant determinant of the decision. One possible explanation is that prospective borrowers understand that documents and procedures are a natural part of the credit approval process. As long as the requirements can be explained and staff provide guidance, administrative complexity does not necessarily hinder the decision.

Simultaneous Effects

All three variables simultaneously have a significant effect on the decision to take out a mortgage. This finding indicates that the decision to take out a mortgage is a multidimensional one. The Adjusted R^2 value of 0.378 indicates that 62.2% of the variation in the decision remains unexplained by the model.

CONCLUSION

The study shows that mortgage loan decisions at Bank bjb's Cibinong Branch are influenced by a combination of financial, service, and procedural factors. Perceived interest rates have a positive but insignificant effect. Service quality has a positive and significant effect and is the most dominant variable. Ease of requirements has a positive but insignificant effect.

Collectively, interest rates, service quality, and ease of requirements have a significant effect on mortgage decision-making. The model has an Adjusted R-Square of 0.378. The main finding of this study is that service quality has the greatest explanatory power compared to perceptions of interest rates and ease of requirements.

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