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Price Dimensions and Location in Decision to Transact at A Syari'ah Bank

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The development of syari'ah Banks seems to be still experiencing ups and downs. After a boom in its revenue in 1991, Bank Shari'ah grew rapidly, but its contribution did not increase significantly until in 2021 it started a new chapter as Bank Syri'ah Indonesia (BSI). Many studies soon emerged to re-evaluate its services. This study tries to assess services through the service marketing mix. This research was developed using an associative design, trying to connect the elements of the service marketing mix with the customer's decision to transact at BSI. There are five variables used with 34 indicators as the measuring tool. The study population is Bank Syari'ah customers in Palembang City with a sample of 120 people taken by purposive sampling. Furthermore, the primary data obtained using the questionnaire was processed using multiple linear regression. The results of the study prove that of the number of variables used, only price and location are proven to have a significant influence on transaction decisions at BSI.

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1. Introduction

As a service industry, the evaluation of syari'ah Banks is generally based on the quality of service by looking at its five dimensions. Even so, the results are quite varied. Hassan & Othman (2023) provides empirical evidence that the dimensions of reliability, durability, empathy, guarantee, and tangible have a significant influence on customer willingness to transact at syari'ah Banks in Malaysia. Improving the performance of these dimensions will strengthen the quality of Bank syari'ah services (Javed, Khan, Farooq, 2024). Research conducted by Zaidan, Khalid, and Shammari (2024) and Korkmaz & Cakir (2024) conducted in the United Arab Emirates proves that only one dimension of service quality has a significant effect. Likewise, the results obtained by Suhardi, Wang, and Idris (2024) were carried out in Southeast Asia. When a similar study was conducted in 10 developing countries spread across Asia, Africa, and Latin America, it was proven that only two dimensions gave significant results.

Other supports that need to be considered are the findings of Najja, Haddad, and Khalid (2024) and Mutairi, Rashid, and Al Saadi (2024) on strengthening technology in improving the quality of services at syari'ah Banks. The use of technology in service services is indeed different between countries. This affects customer perception of service quality. Rahman, Tan, and Eldin (2024) have proven that there are differences in perception that affect differences in assessments of service quality.

The long history of Bank Syariah in Indonesia has given rise to a new chapter with the birth of PT Bank Syariah Indonesia Tbk (hereinafter referred to as BSI) officially operating on February 1, 2021. BSI is the largest Islamic bank in Indonesia as a result of the merger of three Islamic banks from the Association of State-Owned Banks (Himbara), namely: PT Bank BRI Syariah (BRIS), PT Bank Syariah Mandiri (BSM), and PT Bank BNI Syariah (BNIS). This merger is expected to accelerate the penetration of the previous syari'ah Bank so as to increase the contribution of Islamic banking, which has only reached around 6.81%, even though the Muslim population reaches around 229 million people out of a total of 270 million Indonesians. This expectation certainly requires the commitment and real participation of all parties, including the community as customers.

Customers' assessment of BSI does not seem to show a significant difference from the assessment of syari'ah Banks that operated before considering that the same packaging has become a general assessment. Nasfi (2020), Rusdianto & Jasin (2021), Ningsih, Madaniah, Gunardi (2022) and Mani and Adinugraha (2023), found the influence of five dimensions of service quality on syari'ah Banks. Regarding the use of technology, Rahman, Zulkifli, and

Hasan (2023) said that there was no significant support for services at syari'ah Banks. The variation of the results of the above study, plus the change of Bank syari'ah to BSI, requires affirmation of the dimensions that affect the willingness of customers to register at BSI. The dimension of service quality is also identical to the dimension of service marketing which can be developed into 7 elements, namely product, price, place, promotion, people, process, and physical evidence.

2. Method

This research was developed using an associative design, aiming to explore the connections between the elements of the service marketing mix and the customer's decision to transact at Bank Syari'ah Indonesia (BSI). The study focuses on identifying how various components of the marketing mix, including product, price, place, promotion, people, process, and physical evidence, influence customer behavior in choosing banking services.

To achieve this objective, five key variables were identified, accompanied by a total of 34 indicators that serve as the measuring tools for the study. These variables and indicators were meticulously selected to ensure a comprehensive analysis of the service marketing mix's impact on customer decision-making processes. The study population comprises Bank Syari'ah customers residing in Palembang City, reflecting a diverse demographic that is representative of the broader market segment.

A sample of 120 participants was selected through purposive sampling, ensuring that individuals who have experience with BSI's services were included. This method of sampling was chosen to enhance the relevance and accuracy of the data collected, as it allows for a more focused analysis on the target population.

Primary data was collected using a structured questionnaire designed to capture the participants' perceptions and experiences related to the service marketing mix and their subsequent decisions to engage in transactions at BSI. The data obtained from the questionnaires were then processed using multiple linear regression analysis. This statistical technique was employed to determine the strength and nature of the relationships between the identified variables and customer decision-making.

The findings of this research are anticipated to provide valuable insights for Bank Syari'ah Indonesia in refining its marketing strategies. By understanding how each element of the

service marketing mix affects customer decisions, BSI can better tailor its offerings to meet customer needs and preferences, ultimately enhancing customer satisfaction and loyalty. This study not only contributes to the academic literature on service marketing but also offers practical implications for banking institutions seeking to improve their market position in a competitive financial landscape.

3. Result and Discussion

The results of the instrument test conducted showed that all indicators used were proven valid because they had an r value of > 0.3061 with a range of 0.483 - 0.988 values. The reliability value also proves all reliable variables with a value range of 0.781 – 0.982, all of which are above the standard value of 0.60. Respondent profiles are shown in the following table:

Table 1. Respondent Profile

No.	Profile	Sum	
		Person	Percentage
1	Age:		
	< 25 years	28	23,3
	25 – 35 years old	48	40,0
	>35 Years	44	36,7
2	Gender:		
	Man	81	67,5
	Woman	39	32,5
3	Income:		
	< 1 Million	27	22.5
	1 – 2 Million	21	17,5
	> 2 Million	72	60
4	Long Time as a Customer:	41	34,2
	< 1 Year	25	20,8
	1 – 3 Years	54	45,0
	> 3 years		

Source : Data Recapitulation, 2024

Furthermore, the respondents' answers were processed with the following results:

Table 2. Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
1 (Constant)	.261	.239	
Promotion	.080	.129	.075
Price	.401	.100	.415
Place	.246	.082	.267
Process	.168	.100	.137
Physical Display	.002	.102	.002

Source: SPSS 23 Data Processing Results, 2024

Multiple linear regression analysis obtained the multiple linear regression equation as follows:

$$Y = 0,261 + 0,080X_1 + 0,401X_2 + 0,246X_3 + 0,168X_4 + 0,002X_5$$

- A positive constant of 0.261 means that if the promotion, price, place, process, and physical appearance are worth 0, then BSI's customer decision remains even though it is low.
- The promotional regression coefficient is 0.080, which means that there is a positive influence of the product on BSI customer decisions. If promotions increase with other fixed variables, BSI's customer decisions will also increase and vice versa.
- The price regression coefficient is 0.401, which means that there is a positive influence of price on BSI customers' decisions. If the price increases with other variables fixed, then BSI's customer decision will also increase and vice versa
- The place regression coefficient is 0.246 which means that there is a positive influence of place on BSI customer decisions. If the level increases with other fixed variables, then BSI's customer decisions will also increase and vice versa

- e. The process regression coefficient is 0.168, which means that there is a positive influence of promotion on BSI customer decisions. If the process increases with other variables fixed, then BSI's customer decisions will also increase and vice versa
- f. The regression coefficient of physical display is 0.002, which means that there is a positive influence of physical appearance on BSI customer decisions. If the physical appearance increases with other fixed variables, then BSI's customer decisions will also increase and vice versa

Table 3. Test Result F (Simultaneous)

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Mr.
Regression	93.924	5	18.785	32.553	.000 ^b
Residual	65.784	114	.577		
Total	159.708	119			

- a. Dependent Variable: Customer Decision
- b. Predictors: (Constant), Physical Display, Place, Promotion, Price, Product
- Source: SPSS 23 Data Processing Results, 2024.

Based on the Anova table, a significant F of $0.000 < \alpha = 0.05$ was obtained so that H_0 was rejected. This means that there is a significant influence on promotions, prices, venues, processes, and physical appearance together on BSI customers' decisions.

Table 4. Test t (partial)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Mr.
		B	Std. Error	Beta		
1	(Constant)	.261	.239		1.089	.279
	Promotion	.080	.129	.075	.623	.535
	Price	.401	.100	.415	4.009	.000
	Orang	.246	.082	.267	3.018	.003
	Process	.168	.100	.137	1.689	.094
	Physical Display	.002	.102	.002	.023	.981

Based on the Coefficients Table, it was obtained:

- a. For products, a significant t of $0.535 > \alpha=0.05$ so that Ho. This means that there is an insignificant influence of promotions on BSI customers' decisions
- b. For the price, a significant t $0.000 < \alpha=0.05$ so Ho. This means that there is a significant influence of price on BSI customers' decisions.
- c. For the place, a significant t of $0.003 < \alpha=0.05$ so that Ho. This means that there is a significant influence of place on BSI customers' decisions.
- d. For the process, a significant t of $0.094 > \alpha=0.05$ so that Ho. This means that there is an insignificant influence of promotion on BSI customers' decisions.
- e. For physical display, a significant t of $0.981 > \alpha=0.05$ was obtained so that Ho. This means that there is an insignificant influence of physical appearance on BSI customers' decisions.

Table 5. Coefficient of Determination Results

Model Summary

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.767a	.588	.570	.7596

a. Predictors: (Constant), Physical Display, Place, Promotion, Price, Product

Source: SPSS 23 Data Processing Results, 2024.

The *Adjusted R Square* figure of 0.570 means that the contribution given by promotions, prices, venues, processes and physical appearance to BSI customer decisions is 57% while 43% is explained by other variables that are not included in this study.

Discussion of Results

The Effect of Promotion on syari'ah Banking Customer Decisions in Seberang Ulu I District, Palembang City.

The test results prove that there is an insignificant influence of promotion on BSI customer decisions. In theory, there is an important influence of promotion on market awareness and willingness to make purchase decisions. In relation to service quality, promotion can be identified with *assurance*.

The Effect of Price on syari'ah Banking Customer Decisions in Seberang Ulu I District, Palembang City.

The results of the hypothesis test partially prove that there is a significant influence of price on BSI customers' decisions. This is in line with the theory put forward by Kotler and Fox in (Lupiyoadi, 2013: 92). The elements of the service marketing mix in the product consist of the 4P (*Product, price, promotion, and place*) and in the service consist of the 3P (*People, process & Physical Evidence*). This result is supported by research by Novia Sari, Alim Murtani (2020) that there is an influence of price on the decision of Islamic banking customers. When connected with the distribution of respondents' answers in (Table IV.9) as follows:

- a. Regarding the statement "The applicable monthly administration fee is relatively low" was denied by 48.5% of respondents. This means that many respondents do not choose Islamic banking because the applicable administrative fees are quite high.
- b. Regarding the statement "The price and quality of Islamic banking products are in accordance with needs" was denied by 45.8% of respondents. This means that many respondents do not choose Islamic banking because the price and quality of Islamic banking products are not in accordance with their needs.
- c. Regarding the statement "Islamic banking attracts customers to save considering the price offered" was denied by 54.2% of respondents. This means that many recreditors do not choose Islamic banking because Islamic banking does not attract customers to save with consideration of the price that has been offered.

As the consistency of the relationship with the results of the respondents' answers to the customer's decision in the table (IV.7) which is dominated by disagreeing answers is quite high. Customers consider that they are not interested in the prices offered and consider that the fees offered by Islamic banking are quite high and the quality of Islamic banking products is not in accordance with customer needs, even so, Islamic banking should offer prices that are in accordance with customer needs so that the quality of banking products is in accordance with what is expected by customers.

The Influence of Place on the Decision of syari'ah Banking Customers in Seberang Ulu I District, Palembang City.

The results of the hypothesis test partially prove that there is a significant influence on the decision of Islamic banking customers in Seberang Ulu 1 District, Palembang City. This is in line with the theory put forward by Kotler and Fox in (Lupiyoadi, 2013: 92). The elements of the service marketing mix in the product consist of the 4P (*Product, price, promotion, and place*) and in the service consist of the 3P (*People, process & Physical Evidence*). This result is

supported by the research of Rizqa Ramadhaning Tyas, Ari Setiawan (2012). There is an influence of place on the decision of Islamic banking customers. When connected with the distribution of respondents' answers in (Table IV.10) as follows:

- a. Regarding the statement "I choose Islamic banking because road access is not far" was denied by 58.4% of respondents. This means that many respondents do not choose Islamic banking because of the long road access.
- b. Regarding the statement "I chose Islamic banking because of its strategic location" was denied by 55% of respondents. This means that many respondents do not choose Islamic banking because of its unstrategic location.
- c. Regarding the statement "I chose Islamic banking because I feel that the parking lot is spacious" was denied by 57.5% of respondents. This means that many respondents do not choose Islamic banking because the parking lot is not spacious.

As the consistency of the relationship with the results of the respondents' answers to the customer's decision in the table (IV.7) which is dominated by disagreeing answers is quite high. Nasabah considered that he was not interested in places such as the location of Islamic banking which was less strategic and the parking lot provided by Islamic banking was not spacious, even so, it was better for Islamic banking to choose a strategic location such as on the side of the road and provide a spacious parking lot so that customers feel comfortable when visiting Islamic banking.

The Influence of Process on syari'ah Banking Customer Decisions in Seberang Ulu I District, Palembang City.

The results of the hypothesis test partially prove that there is a significant influence of promotion on the decisions of Islamic banking customers in Seberang Ulu 1 District, Palembang City. This is in line with the theory put forward by Kotler and Fox in (Lupiyoadi, 2013: 92). The elements of the service marketing mix in the product consist of the 4P (*Product, price, promotion, and place*) and in the service consist of the 3P (*People, process & Physical Evidence*). This result is supported by the research of Makhdaleva Hanura Tajudin, Ade Sofyan Mulazid (2017). There is an influence of promotion on customer decisions. When connected with the distribution of respondents' answers in (Table IV.11) as follows:

- a. Regarding the statement "The explanation of Islamic banking marketing, both about price and service, is easy to understand" was denied by 55.8% of respondents. This means that many respondents do not choose Islamic banking because the explanation of Islamic banking marketing, both about prices and services, is difficult to understand.

- b. Regarding the statement "The advertisement displayed by Islamic banking is easy to understand" was denied by 57.5% of respondents. This means that many respondents do not choose Islamic banking because the advertisements displayed by Islamic banking are not easy to understand.
- c. Regarding the statement "I choose Islamic banking because there are prizes provided" was denied by 55% of respondents. This means that many respondents do not choose Islamic banking because there are no prizes provided.

As the consistency of the relationship with the results of the respondents' answers to the customer's decision in the table (IV.7) which is dominated by disagreeing answers is quite high. Customers consider that they are not interested in promotions offered by Islamic banks with marketing information and consider the advertisements displayed by Islamic banks to be not easy to understand. However, Islamic banking should convey more detailed information so that it is easy to understand, evaluate inappropriate practices so that they are more clearly understood by customers.

The Effect of Physical Appearance on syari'ah Banking Customer Decisions in Seberang Ulu I District, Palembang City.

Based on the results of the hypothesis test, it is partially proven that there is no significant influence of physical appearance on the decisions of Islamic banking customers in Seberang Ulu I District, Palembang City. The results of this study are not in line with the research of Aji Baskoro, Leonardo Budi Hasiholan, Adji Seputra (2021), the results of the study show that products, places, processes, and people have a significant influence on customers' decisions to save, while prices, promotions, and physical evidence do not have a significant effect on customers' decisions to save at PT Bank Mayapada Internasional Tbk Branch A. Yani Pekanbaru. This means that the physical appearance variable has no effect on the customer's decision variable. Physical display indicators of *color, layout, lighting and facilitating*, but here the indicator does not play a big enough role in determining customer decisions. Even though physical appearance does not affect the customer's decision. When connected with the distribution of respondents' answers in table (IV.12) as follows:

- a. Regarding the statement "Islamic banking has a building with a neat order" was denied by 54.2% of respondents. This means that many respondents do not choose Islamic banking because they do not have a building with a neat order.
- b. Regarding the statement "Islamic banking has a waiting room that makes customers comfortable" was denied by 56.6% of respondents. This means that many respondents do not choose Islamic banking because they do not have a comfortable waiting room.

- c. Regarding the statement "Islamic banking has lighting both inside and outside the building" was denied by 61.7% of respondents. This means that many respondents do not choose Islamic banking because they do not have lighting both inside and outside the building.

As the consistency of the relationship with the results of the respondents' answers to the customer's decision in the table (IV.7) which was dominated by quite high disagreement answers, the customer considered that the order of the Islamic bank building was not neat and the waiting room of the Islamic bank was uncomfortable. However, Islamic banking should arrange the order more neatly so that customers are comfortable when they are in the Islamic bank building.

4. Conclusion

Based on the results of the research and the ensuing discussion, it can be concluded that there is a notable influence of products, prices, places, promotions, and physical appearance on customer decisions regarding Islamic banking in the Seberang Ulu I District of Palembang City. The findings indicate that while all these factors collectively affect customer decision-making, individual influences vary in significance.

Specifically, the research reveals that there is an influence of products, prices, places, promotions, and physical appearance on the decisions made by Islamic banking customers in this district. However, it was found that the impact of the product on customer decisions is present but not significant. In contrast, pricing emerged as a significant factor influencing customer choices, underscoring its importance in the banking sector. The research also highlighted that the location of the banking institution plays a critical role, with a significant influence on customer decisions. Promotions were identified as another essential element, contributing significantly to how customers perceive and choose Islamic banking services. Lastly, while physical appearance does have an impact, it is not significant in the context of customer decision-making.

In light of these findings, it is recommended that Sharia banks pay close attention to the aforementioned factors, as they have been proven to influence customer decisions. Banks should focus on providing engaging product information through mass media, ensuring that their practices align with Sharia principles, and enhancing the overall customer experience.

Pricing strategies should reflect customer needs, while bank locations should be strategically chosen for convenience. Additionally, promotions should be clear and comprehensible, and physical environments should be organized and welcoming to foster a comfortable atmosphere for customers. By addressing these elements, Islamic banks can enhance their appeal and effectiveness in serving the community in Seberang Ulu I District.

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