

Literature review: Decision to Choose Non-Subsidized Home Ownership Loans at PT. Bank Tabungan Negara for North Sumatra Region

Ternamentha Sitepu*, Arlina Nurbaity Lubis, Endang Sulistiya Rini, Beby Karina Fawzee
Sembiring

Universitas Sumatera Utara, Medan, Indonesia

{ternamentha.sitepu@btn.co.id}

Abstract. The goal of this study's literature review is to address the theoretical needs of the decision to choose non-subsidized home ownership loans at PT. Bank Tabungan Negara for the North Sumatra Region. The fundamental theory employed in this study is called Service Dominant Logic, and it focuses on a way of thinking that can lead to numerous opportunities for innovation and the design of service business models. It also emphasizes networking and working with different parties to create value for a particular class of customers. The Middle Theory that is employed is the Theory of Reasoned Action, which is concerned with a person's desire to act in a particular manner in a given circumstance. The areas of purchasing choices, marketing mix, digital transformation, and banking innovation are the focus of applied theory. As one of the State-Owned Enterprises, PT. Bank Tabungan Negara for the North Sumatra Region can use this concept to make it easier for them to operationalize services that meet local demands. PT. Bank Tabungan Negara for North Sumatra Region currently offers a wide range of product facilities, including service products, funds, and other credit products in addition to home ownership loan products. Basically, BTN concentrates on funding mortgages. PT. Bank Tabungan Negara for North Sumatra Region can undertake commercial operations in the future using the principles found in this research as a research foundation.

Keywords: Marketing Mix; Banking Innovation; Digital Transformation; Choice Decision

1. Introduction

The banking environment in Indonesia has changed as a result of escalating national and global financial issues. The state of the Indonesian banking industry has changed significantly throughout time. Along with the growth of the domestic banking sector, external factors including the real economy, politics, law, and society also have an impact on this shift. Due to advancements in digital technology, the banking sector's goods and services are likewise changing. The general public may now conduct banking transactions more swiftly and easily.

In general, Bank BTN gives potential debtors a range of choices. In this scenario, competition between banks, including Bank BTN, determines interest rates and administrative costs. The key constraint is that bank BTN finds it challenging to maintain mortgage interest rates below the average of rival banks due to the high cost of capital acquisition. Because of this, loan interest rates are a little bit higher than those offered by rival banks.

Bank BTN offers a variety of products, ranging from Home Ownership Loans, cash, and other credit products to goods and services, in order to meet the needs of the community, both individuals and businesses. Mortgage loans for different kinds of residences are Bank BTN's primary area of expertise. However, Bank BTN has not significantly grown its market share among developers or developers (Napitupulu, et al., 2021). Among the banks that provide this loan, Bank BTN is not currently in first place for non-subsidized mortgages. BTN had a

market share for non-subsidized mortgages of 17.28 percent as of the end of December 2020; Bank Central Asia (BCA) had a market share of 39.85 percent. By the end of 2019, Bank BTN Non-Subsidized Mortgages will hold a 0.91 percent market share. This demonstrates that Bank BTN's non-subsidized housing loans are still underutilized and that more may be done to increase sales, (Bank BTN, 2020)

The management of Bank BTN has changed a number of aspects of the non-subsidized home ownership credit marketing mix, including the prices, locations of the service offices, the promotions, the personnel, the physical evidence, and the procedures. Regarding the availability of Bank BTN offices in providing services, Bank BTN has provided Non-Subsidized Home Ownership Loan products in places that the public can access, enabling the completion of product finalization. Bank BTN has specialized staff to handle non-subsidized mortgages in each of its Branch Offices and Sub-Branch Offices. One branch office has built up a separate counter for processing non-subsidized mortgages, and these employees undergo training and instruction to fill those positions.

Additionally, it has not been demonstrated that Bank BTN is a top bank for conventional mortgages. Before choosing whether or not to use Bank BTN, debtors must give it careful thought. Alternative financial firms that provide conventional house loans are also considered by debtors. This problem exemplifies the fierce rivalry in the market for conventional mortgages. On the other hand, Bank BTN is not frequently used as a source of funding by developers that construct homes for consumer purchasing. It demonstrates how unforeseen circumstances might act as barriers. Bank BTN is not the biggest bank in terms of interest rates. Non-Subsidized Bank Home Ownership Credit administration takes more time than the debtor can afford. Therefore, obtaining Non-Subsidized Home Ownership Credit from Bank BTN requires full documentation and ample time. Non-Subsidized Home Ownership Loans from Bank BTN are still in excellent standing, as evidenced by debtors whose loans are smooth for non-subsidized housing.

Bank BTN continues to innovate in the context of digital transformation to ease transactions for its clients. In addition to focusing on mortgages, Bank BTN aspires to develop into a savings institution. Consumer e-channel transactions will be accelerated by the innovative solution created by Bank BTN. The newest development from Bank BTN is the launch of the new mobile banking application. Due to the simplicity of BTN's mobile banking, customers in their 20s are getting more and more interested in making purchases. By introducing a new user experience that is engaging, modern, visually appealing, and user-friendly with the most recent version, Bank BTN enhances mobile banking. Users can now access balance information, transfer funds between Bank BTN accounts and other financial institutions, pay a variety of bills, and purchase credit to top up their electronic wallets thanks to the availability of mobile banking.

Technology is crucial to the development of the financial system, hence it plays a significant role in the banking business. With more advanced technology to streamline services, the adoption of a bank's technology is becoming more diversified and complex. There is no doubting that technology is being used in every sector, including banking, to enhance internal business processes. Technology (as human knowledge) and creativity are all connected through innovation (as non-linear). The creation and transmission of information will be fulfilled by the existence of an innovation that aims to do something novel for its creator (planned scientific research and human knowledge). This definition emphasizes the value of technology in driving innovation, describes the information and complexity it contains to do so, and removes some of the obstacles that now stand in the way of it (Klein and Knight, 2005).

The researchers determined that Bank BTN has not established itself as a priority bank

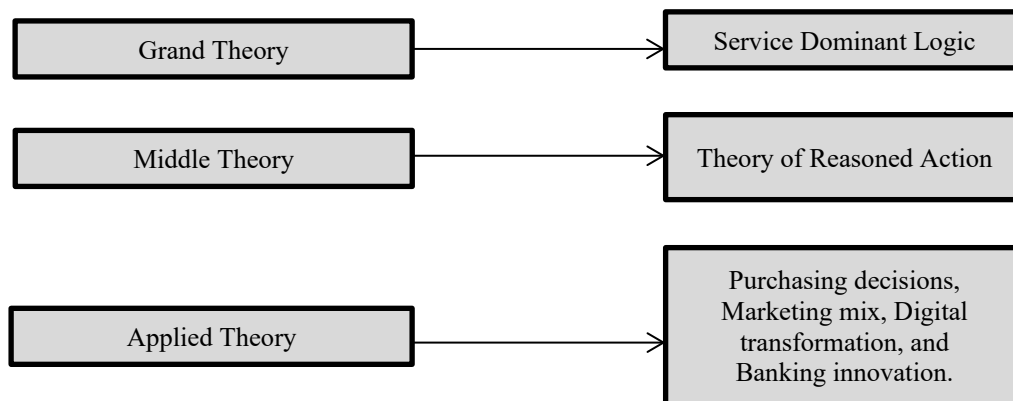
for non-subsidized home loans based on a survey and examination of literature studies. Debtors must deliberate for a long period before deciding whether or not to use Bank BTN. Debtors also evaluate alternative financial institutions that offer conventional home loans. This problem demonstrates the fierce competition in the market for non-subsidized home ownership loans.

On the other hand, developers that construct homes for consumer purchases don't frequently use Bank BTN as a funding source. This demonstrates how unforeseen events might act as obstacles (barrier factors).

2. Literature Review

2.1. Grand Theory, Middle Theory, Applied Theory

The problem that serves as the focus of this literature review begins with the basic theory (grand theory), which will look at many theories concerning Service Dominant Logic with a middle range theory pertaining to Theory of Reasoned Action and backed by application (applied theory). centered on banking innovation, marketing mix, digital transformation, and purchasing decisions. Theoretical underpinnings for research based on fundamental theory, intermediate theory, and application of theory are shown in Figure 1 and are as follows:



Savitt (1990).core Service-Dominant Logic theory, which underpins most of the research in this area. Service is given priority in the trade process according to this marketing theory. Lusch and Vargo assert that (2006). It is believed that marketing is a method for shifting ownership of products and their physical distribution: 1) Producing and distributing things for sale is the main objective of economic activity. 2) Products must be able to give higher value compared to that provided by competitors in order to be able to be sold. They must also have advantages during the production and distribution processes. 3) The business must establish the variables for making decisions at a specific level in order to optimize sales revenue. 4) Products should be standardized and produced away from the market to maximize production efficiency and control. 5) Products can be kept until they are required, then given to customers. The service-centered view, on the other hand, contends that marketing is a continuous series of social and economic activities that concentrate on the operational assets that produce something by developing a value proposition that is superior to that of its rivals.

The Theory of Reasoned Action (Fishbein and Ajzein, 1991) is the intermediate theory that informs this study. According to this theory, a person's conduct is influenced by their intentions, whilst their intentions are impacted by their subjective attitudes and social norms.

Beliefs about the outcomes of previous actions have an impact on attitudes. Belief in other people's opinions and the desire to uphold those ideas have an impact on subjective norms. Simply put, according to this hypothesis, a person will carry out an activity if it is seen favorably by others and he or she believes that others also want to do it. The following is an explanation of how the theory that focuses on consumer behavior, the marketing mix, digital transformation, and banking innovation is applied:

2.2. Marketing Mix

According to Assauri (2013), the marketing mix is a strategy for combining marketing efforts in order to discover the best combination for results that are satisfactory. The marketing mix, according to Kotler and Armstrong (2014), consists of "these four tactical marketing tools that the company blends to achieve the response it wants in the target market." According to Buchari (2016), the marketing mix is a tactic for interfering with marketing efforts in order to find the best possible combination for results that are satisfactory. The marketing mix is made up of the four elements known as the 4Ps: product, price, location, and promotion.

McCarthy classified many marketing activities and marketing mix tools off our broad sorts, which he termed the four P's marketing product, pricing, location, and promotion. Kotler and Keller (2016) mention this series of parts as coming from McCarthy's theory. The 3Ps—people, tangible evidence, and processes—are developed into the 7Ps of the service marketing mix. The following elements of the marketing mix were thus identified by the researchers as being appropriate to the non-subsidized home ownership credit at PT. Bank Tabungan Negara for the North Sumatra Region: 1) Items, markers, product variants, and skim characteristics. 2) Costs, with administration fees, interest rates, and advances as indicators. Location three: bank coverage and bank affordability are the key indicators. 4) Promotion: The signs here are advertising, public relations, direct marketing, and sales promotion. 5) People, which includes the following indicators: staff attitudes, knowledge, and skills 6) Physical evidence, including the buildings, personnel, and outward look of the bank. Features of the seventh marketing mix 7) A procedure with the following indicators: processing time and disbursement method

2.3. Banking Innovation

Innovation, according to Fontana (2011), is the introduction of new ways of transforming inputs into outputs (technology) or new combinations of traditional methods that cause significant or abrupt changes in the comparison between the use values perceived by consumers for the benefits of a product (goods and/or products. or services) and prices set by producers. Like Syamsuri et al. (2022), who claimed that the ability to manage and produce long-term innovation is innovation ability. Innovation is the end outcome of a process that depends on interactions and encourages the discovery and integration of new knowledge.

According to Richards and Wilson (2012), innovation is the dissemination of a new invention's meaning throughout society as a whole or the introduction of new inventions. According to Brata (2009), innovation is the idea and practice of creating ongoing changes or enhancements to things that already exist.

Syafii and Aditi (2017) employ a number of dimensions and indicators to explore banking innovation, including: a) Product Innovation: improvements in design and technology advancements. b) Process innovation includes tools for service production, product development, job descriptions, work mechanisms, and information mechanisms. and c)

Administrative innovation in terms of resource allocation and organizational policies. As a result, Bank BTN's innovations are focused on enhancing the effectiveness and services of the business. The following are the study's dimensions and indicators: 1) Product Innovation, with the following indicators: Innovation in credit lending strategies and Innovation in alternative loan repayment methods. 2) In terms of administrative innovation, the following signs are present: digitally based procedures, document simplification, and administration. 3) Innovative process with indicators of responsive service. 4) A digital marketing system and interactive communication are two examples of indications for the fourth marketing innovation category.

2.4. Digital Transformation

Organizations are affected by digital transformation in three important areas: customer experience, operational procedures, and business models. The components of digital sales and marketing operations (top line growth), as well as new tools, are used comprehensively to comprehend and communicate with clients in the digital sphere (Westerman et al., 2011). According to Gray et al. (2013), transformation is a new method of communicating with clients online through the use of web and mobile. This enables businesses to provide co-creation or co-creation and better understand their customers. According to Lin et al. (2009), a fascinating trend that is currently taking place has to do with customer experience. This is because digital technology offers new tools that make it possible to identify customers more successfully on a large scale as well as create and enhance better customer experiences.

Digital technology can be used by businesses to enhance and automate operational procedures. According to Westerman et al. (2011), the digitalization process, employee empowerment, and performance management are the three main components of the transformation of operational processes. The digitization process is specifically used to match information technology with business and extensively automate corporate activities (Rettig, 2007). However, new opportunities to innovate and automate business processes continue to arise as technology develops. It is extremely likely that digitalization will grow existing markets or break into new ones. By adding value and introducing products or services with digital components, the use of digital technology offers something fresh to already established enterprises. The foundation for implementing digital transformation is digital capabilities. In terms of the alignment of information technology with business and the organization's actual capacity to meet needs, this competency is considerably more comprehensive than just focusing on the appropriate information technology system.

According to Kaufman and Horton (2015), there are a number of criteria that explain digital transition in business. This evaluation includes: digital indication information system database management system implementation, Use of digital reporting systems and digital information delivery systems. Utilization of digital technology-based administrative systems, utilization of information systems to support decision-making, and utilization of digital technology are the three dimensions of digital technology-based operations that are measured. Another facet of digital transformation is the preparedness of the supporting components, which includes the following measurements: the ability of resources to use information technology, the readiness of tools based on digital technology, and the readiness of organizational structures to use digital technology

Non-Subsidized Home Ownership Loans at: Digital Transformation Aspects. The PT. Bank Tabungan Negara for the North Sumatra Region is evaluated using the following criteria: 1) Customer Experience employing factors such as: debtors' awareness of online banking; the simplicity of online banking; and challenges encountered when using online banking. 2)

Operational Process: The signs here are the speed at which loans are processed, how simple it is to get information, and how simple it is to communicate with the bank. 3). A business model with indicators that include digitizing communications, debtor data, and financial transactions.

2.5. Choice Decision

Kotler and Keller (2016) believe that the customer purchasing decision process typically involves five stages: problem awareness, information seeking, alternative appraisal, purchase decisions, and post-purchase behavior. A consumer must have an alternative choice if they want to make a decision about their preferences for brands among a range of options during the buying decision process.

The buying decision process, according to Suparyanto and Rosad (2014), "involves various stages, including the introduction of needs, information search, alternative evaluation, purchase decisions, and post-purchase behavior." The five stages of the consumer purchasing decision process are need awareness, information search, alternative appraisal, purchase decisions, and post-purchase behavior, according to Abdurrahman and Sanusi (2015).

Based on numerous expert viewpoints, the researcher came to the knowledge that the consumer's decision-making process to buy a product will go through several stages, namely the introduction of needs, seeking information, assessing alternatives, purchasing decisions, and post-purchase behavior. Therefore, the following factors should be considered when making a decision regarding non-subsidized home ownership loans at PT. Bank Tabungan Negara for the North Sumatra Region: 1) An introduction to the issues with indicators: The demand for accessible and inexpensive financial sources for home ownership. 2) Look for information whose signs include the availability of both internal and external information. 3) The indicators for the third alternative assessment are the prerequisites for required papers, the processing time for payments, and the interest rate. 4) A purchase choice with two indicators: the funding plan and the loan term.

3. Research Methods

The concept of modeling the decision to choose non-subsidized home ownership loans at PT. Bank Tabungan Negara for the North Sumatra Region from various articles that have been traced and sought through routes and milestones aimed at grand theory, middle theory, and applied theory, with theoretical developments, is reviewed using the survey results and literature as the basis.

4. Research Result

The conclusion that the decision to choose non-subsidized home ownership loans can be developed through the Marketing Mix; Banking Innovation; Digital Transformation; and Choosing Decision as an integrated approach for PT. Bank Tabungan Negara for the North Sumatra Region is reached based on the survey results from the study of scientific literature.

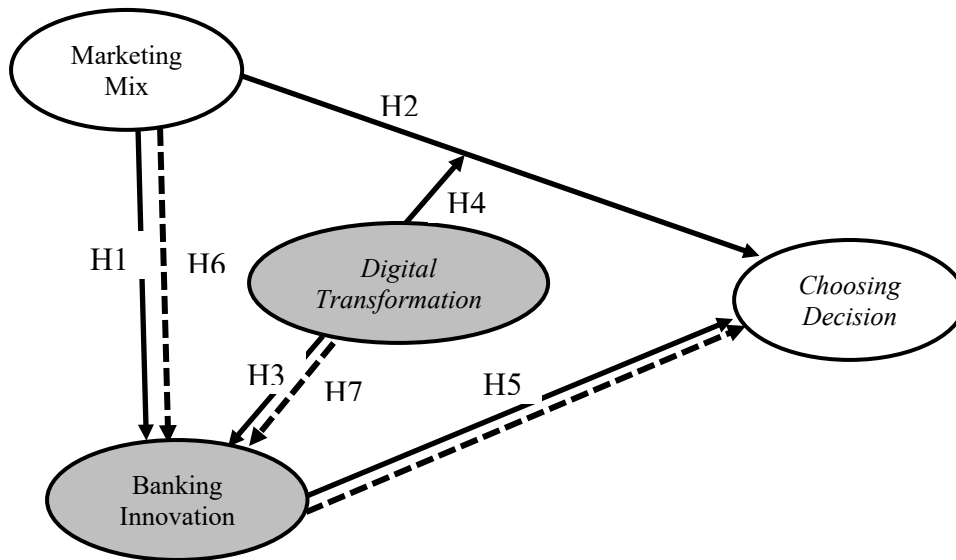


Figure 1. Conceptual Framework

The analysis of the concept model of the decision to select non-subsidized home ownership loans at PT. Bank Tabungan Negara for the North Sumatra Region was conducted on BTN debtors who selected non-subsidized home ownership credit in three districts/cities in North Sumatra Province, namely: Binjai City, Medan City, and Deli Serdang Regency, which had the most debtors between January 1, 2016, and October 26, 2021, numbering as many as Proportional cluster sampling was used for the sampling, and 270 respondents were chosen at random from the sample. Some of the difficulties encountered when gathering respondents' primary data include the fact that some are not at home and that the Non-Subsidized Home Ownership Credit has been transferred or sold. Dissemination of information about non-subsidized home ownership loans using surveys. In 2022, the PT. Bank Tabungan Negara for the North Sumatra Region declared the concept to be legitimate.

5. Conclusion

Based on the analysis's findings, it can be said that the marketing mix, banking innovation, and digital transformation can all help PT. Bank Tabungan Negara for the North Sumatra Region decision to choose non-subsidized home ownership loans for the North Sumatra region. By breaking down the financing, product, promotion, and place elements of the marketing mix, it is possible to study it. The quantity of debtors who choose Bank BTN Non-Subsidized Home Ownership Loans will rise if the quality of the marketing mix is increased. The digital transformation process that Bank BTN is implementing is a method of managing data and information from analog to digital with the use of new technologies. Digital transformation is more than just technology advancement due to the intimate interaction between it and innovation. Based on the marketing mix, Bank BTN's digital transformation influences customers to select Non-Subsidized Home Ownership Loans. The decision to choose Bank BTN Non-Subsidized Home Ownership Loans will also be influenced by banking

innovations that are geared at consumers. To boost banking performance, the marketing mix's components, such as products and services, urgently need innovation.

Acknowledgement

This article is a component of a research paper and a published research dissertation. Researchers' acknowledgments are directed at the Universitas Sumatera Utara

References

- [1] Abdurrahman, Herdiana, N Sanusi A. *Manajemen Strategi Pemasaran*, Bandung, Pustaka Setia, 2015
- [2] Ajzen, I. The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50, 179–211, 1991.
- [3] Assauri, S. *Manajemen Pemasaran*. Jakarta, Rajawali Pers, 2013.
- [4] Brata, G. Inovasi dan Kinerja Usaha Kecil-Menengah (Kerajinan Bambu di Sleman). *Jurnal Studi Ekonomi*, 4(1). Yogyakarta, 2009.
- [5] Buchari A. *Manajemen Pemasaran dan Pemasaran Jasa*. Bandung, Alfabeta, 2016.
- [6] Fontana, A.. *Innovate We Can!*. Bekasi: Cipta Inovasi Sejahtera, 2011
- [7] Gray P., El Sawy O. A., Asper G., Thordarson M.. Quarterly, Realizing Strategic Value Through Center-Edge Digital Transformation in Consumer-Centric Industries, *Revista do Ceam*. 3(1) pp. 38–12, 2013
- [8] Kaufman I., Horton C. *Digital marketing: integrating strategy and tactics with values*. New York, NY: Routledge, 2015.
- [9] Klein, K. J., Knight, A. P. Innovation Implementation Overcoming the Challenge: An organizational analysis. *Journal of Applied Psychology*. 14(5), pp. 243-246, 2005.
- [10] Kotler, P., Armstrong G. *Principle of Marketing*, 15th edition. New Jersey: Pearson Prentice Hall, 2014
- [11] Kotler, P., Keller K. L, *Marketing Managemen*, 15th Edition, Pearson Education, Inc, 2016.
- [12] Lin, M. L., Hsia T. L., Wu J. H. What dynamic capability are needed to implement E- Business?, in *Proceedings of the International Conference on Electronic Business (ICEB)*, 2009
- [13] Lusch, R.F., Vargo S. L. *Service-Dominant Logic as a Foundation for a General Theory in The Service Dominant-Logic of Marketing: Dialog, Debate, and Direction*, M.E. Sharpe, Armonk, New York: pp. 406-420, 2006b
- [14] Napitupulu, S., Sudarsono, R., Anwar, M., Eric, F., Puspitasari, D. M. *Determinants of Default Risks and Risk Management: Evidence from Rural Banks in Indonesia*. *The Journal of Asian Finance, Economics, and Business*, 8(8) 2021 0497–0502. <https://doi.org/10.13106/jafeb.2021.vol8.no8.0497>, 2021.
- [15] Rettig C. The Trouble with Enterprise Software, *MIT Sloan Management Review*, 49 (1), 2007.
- [16] Richard M.S. Wilson C. G. *Strategic Marketing Management Planning, implementation and control*, London, Routledge, 2012
- [17] Savit R. Pre-Aldersonian Antecedents to Macromarketing: Insights from the Textual Literature. *Business and Management-Sage Journals*, 293-301, <https://doi.org/10.1177/009207039001800405>, 1990
- [18] Suparyanto, Rosad. *Manajemen Pemasaran*. Bogor: In Media, 2015
- [19] Syamsuri A. R., Dalimunthe R. F., Gultom P., Siahaan E. New Paradigm: HR Professional Transformation in Manufacturing Company. *Quality Acces to Succes-General Management*, 23(186), pp. 123-133. doi: 10.47750/QAS/23.186.16, 2022.
- [20] Syafii I , Aditi B. Analisis Inovasi Produk, Proses dan Administrasi terhadap Kepuasan Nasabah melalui Implementasi Sistem Pembayaran yang Efektif dan Efisien dalam Mendukung Gerakan Nasional Non Tunai di Indonesia. *Jurnal Ilman*, 5(2), 35-50, 2017.
- [21] Westerman G, Calm ejane C, Bonnet D, Ferraris P, McAfee A. *Digital Transformation: A Road-*

Map for Billion-Dollar Organizations,” MIT Cent. Digit. Bus. Capgemini Consult, pp. 1– 68, (2011).