



“Knowledge – Proximity” Analysis: Customer Knowledge and Branch Location Access as Determining Factors in Customer Decisions to Choose a Bank

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Abstract

This study aims to determine the role of knowledge and location in customer decisions when choosing Bank Rakyat Indonesia (BRI). This study used quantitative methods, with the population consisting of BRI Unit Kedunggebang customers. The sample consisted of customers who had loans or savings at the bank. The sample used in this study was 50 respondents, and data collection techniques used a questionnaire. The data processing method used was instrument data analysis, classical assumption test analysis (normality test, multicollinearity test, heteroscedasticity test), multiple linear regression, coefficient of determination, and hypothesis testing (t-test and F-test). The results of this study indicate that the knowledge variable partially has a positive and significant effect on customer decisions in choosing savings and loan products. The location variable also has a positive and significant effect on customer decisions in choosing savings and loan products. The knowledge and location variables simultaneously influence customer decisions in choosing savings and loan products at BRI Unit Kedunggebang.

Keywords: Knowledge, Location, Bank Customer Decisions

1. Introduction

The development of financial institutions in the modern era has created intense competition in the banking industry. Banks are required to be increasingly competitive by continuously understanding the factors that influence customer decisions when choosing banking services. Consumer decisions have a significant impact on the progress and success of the banking business. Customer decisions in choosing a bank are a crucial aspect of the banking industry, as they reflect customer preferences, needs, and trust in the financial institution. In the context of increasingly fierce interbank competition, understanding the factors that influence customer decisions is key to maintaining and increasing market share.

Customer decisions in choosing a bank also impact the stability and growth of the bank's business. Customers who are satisfied with their choice tend to use not only basic services such as savings but also other products such as credit, investments, and digital services. Therefore, identifying and understanding the factors that drive customer decisions is crucial, not only for developing marketing strategies but also for designing services that meet the needs and expectations of the community.

Bank Rakyat Indonesia (BRI) is one of the largest and oldest state-owned banks in Indonesia. BRI is widely known as a bank focused on serving the micro, small, and medium enterprises (MSMEs) segment. BRI has a vast service network extending to remote villages through work units such as BRI Unit and Teras BRI. Committed to supporting financial inclusion, BRI continues to develop digital services and a banking system that is easily accessible to all levels of society. BRI's reputation as a bank close to the people is reinforced by its success in reaching rural communities.

With the emergence of many new banks, BRI needs to conduct a deeper study to understand the factors influencing customer decisions. Specifically, customer knowledge about BRI products and services, including savings benefits, easy credit, and digital banking technology, can significantly influence customer decisions. This knowledge encompasses not only basic information but also customer perceptions of the security, benefits, and added value of using the bank's services. Knowledge can also be defined as a phenomenon encountered and acquired by humans through rational observation (Aisyah, 2023). An effective knowledge strategy can enable organizations to

create committed customers who will not easily switch to competitors, thereby increasing customer loyalty and retention (Kabue, 2021).

Another equally important factor influencing customer decisions is the location of the bank's service offices. Bank Rakyat Indonesia (BRI), as a state-owned bank, has an extensive network extending to remote villages. BRI branch offices located in rural areas significantly facilitate access to banking services. In rural areas such as Kedunggebang, accessibility to bank offices is a key consideration for customers. Proximity to residential areas and ease of transportation are also other factors influencing customer choices. Banks located in strategic locations are more likely to attract customers because they reduce geographical barriers and can save time. The people of Kedunggebang village prefer banks that are nearby and easily accessible.

Several researchers have previously conducted studies on consumer knowledge. Kabue (2021) conducted a study on customer knowledge among 385 customers from 25 conventional banks in Kenya. This study found that most commercial banks in Kenya have relatively effective customer knowledge management systems. This effectiveness can be reflected in the collection, analysis, sharing, and utilization of customer knowledge. These findings corroborate those of Chege (2013). Another study, conducted by Khatab (2019), examined the marketing mix of banking services at International Kurdistan Bank. This study found a significant positive impact on customer satisfaction across all dimensions of the marketing mix. One of the marketing mix dimensions discussed in this study is location marketing strategy.

This research is crucial for providing an empirical overview of the role of knowledge and location in influencing customer decisions, particularly in the context of regional banking. The findings are expected to contribute to the development of more targeted marketing and service strategies at BRI and serve as a reference for similar research in other regions. Based on the above background, the research problem can be formulated as follows:

1. Does knowledge play a role in customer decisions when choosing BRI products?
2. Does location play a role in customer decisions when choosing BRI products?
3. Do knowledge and location play a role in customer decisions when choosing BRI products?

Knowledge

Knowledge is the understanding or information a person obtains from experience, education, or specific information sources. According to Mowen & Minor (2018), consumer knowledge is the information a consumer has about a product or service, including its benefits, procedures, and usage. In this context, customer knowledge refers to the customer's level of understanding of savings and loan products. Bank savings products include savings, time deposits, and checking accounts. Meanwhile, loans or credit include application procedures, interest rates, benefits, and application requirements.

H1: Knowledge plays a significant role in customer decisions in choosing Bank Rakyat Indonesia Kedunggebang Unit.

Accessibility of Place or Location

Place refers to distribution channels, the physical location of the business, and how the company reaches its customers. According to Lamb, Hair, & McDaniel (2012), decisions regarding location or location include the selection of a business location, the availability of products or services in the right location, location accessibility, and consumer convenience. A strategic location can increase the opportunity for consumers to make purchases and strengthen customer loyalty. According to Kotler & Keller (2016), place is not just about physical location, but also encompasses ease of service distribution, speed of service, and convenience in product access. Implementation of the "Place" strategy in banking services is as follows:

- a. Placing branch offices and units in areas with high economic potential.
- b. Using branchless banking agents such as BRILink agents to reach customers in remote areas.
- c. Optimizing ATMs, mobile banking, and internet banking so customers can access services from anywhere.

H2: Location accessibility significantly influences customers' decisions in choosing Bank Rakyat Indonesia Kedunggebang Unit.

H3: Knowledge and location simultaneously significantly influence customers' decisions in choosing Bank Rakyat Indonesia Kedunggebang Unit.

Customer Decision

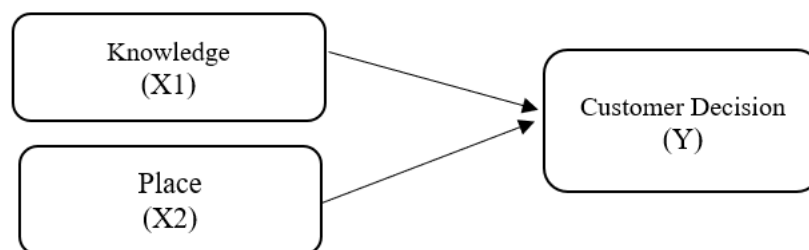
A decision is the act of selecting one alternative from several available options. According to Michael R. Solomon (2017), consumer decisions are complex behaviors involving information processing, emotional considerations, and social influences in selecting and using a product or service. This opinion emphasizes rational factors, emotions, and brand image, which also play a role in consumer decision-making. Purchasing decisions involve a series of processes from problem recognition to purchase (Kotler and Keller, 2016). Factors influencing consumer decisions include:

- a. Personal factors: age, occupation, lifestyle, income
- b. Psychological factors: motivation, perception, learning, attitudes
- c. Social factors: family, reference groups, social status
- d. Cultural factors: values, societal norms
- e. Situational factors: time, place, and conditions during which the purchase is made

Consumer decisions are the process by which individuals or groups select, purchase, use, and evaluate products or services to meet their needs and desires. This process is influenced not only by rational considerations such as price, quality, and product benefits, but also by psychological, social, cultural factors, and personal experiences. Consumer (customer) decisions in choosing a bank will be influenced by several factors, including the following:

- a. Knowledge of banking products and services
- b. Access to easily accessible branch or unit locations
- c. Confidence in the security of funds
- d. Bank reputation and employee service
- e. Personal experience and recommendations from others

The buyer decision-making process consists of five stages: need recognition, information search, alternative evaluation, purchase decision, and post-purchase behavior (Kotler & Armstrong, 2018).



2. Methods

This study aims to analyze the influence of knowledge and location on customer decisions in choosing Bank Rakyat Indonesia (BRI) Kedunggebang Unit. The population in this study was all BRI Kedunggebang Unit customers, both those using savings and loan products. In this study, the sample was determined by multiplying the total number of variables by at least ten times. The study used a sample of 50 respondents, both deposit and loan customers. The purposive sampling method was chosen because it is suitable for exploring individual characteristics relevant to the research objectives. This technique allowed the researcher to select respondents with experience using savings and loans at BRI Kedunggebang Unit.

3. Results and Discussion

The results of this study examined the role of knowledge and location in customer decisions when choosing savings and loan products at Bank Rakyat Indonesia (BRI) Kedunggebang Unit. There was a significant influence between knowledge and customer decisions in choosing BRI units. Regression analysis showed a calculated t-value of $22.172 > 1.992$ with a significance level of $0.000 < 0.05$. This conclusion aligns with previous research, which showed that product knowledge has a positive and significant influence on customer decisions in choosing a bank. Customer knowledge of BRI savings products, loan products, and services is one of the reasons customers choose a bank. Before choosing a bank, customers already have knowledge of the bank's savings and loan products.

This knowledge about banking was obtained by asking the bank directly or from references from close friends.

The results of the second study showed that location significantly influenced customer decisions in choosing savings and loan products at BRI Kedunggebang Unit. Regression analysis showed a calculated t-value of $3.165 > 1.992$ with a significance level of $0.002 < 0.05$. This is consistent with other research showing that location has a positive and significant influence on bank selection decisions. Proximity and ease of access to bank offices influence customers' bank selection decisions. Customers choose accessible locations for ease of transactions. Customers feel comfortable when they don't have to travel far to access banking services.

Further research shows that simultaneously, both dimensions (knowledge and location) significantly influence bank selection decisions, with a significance value of $0.000 < 0.05$. The greater a customer's knowledge and ease of access to the location, the higher their decision to choose that product. This study selected the knowledge and location variables based on the results of a preliminary survey of several customers. Interviews with several customers revealed that customers chose BRI primarily because the location was easily accessible and closer than other banks. Secondly, they learned about BRI's savings and loan products from bank staff and colleagues.

4. Conclusion

Based on the general analysis and discussion of the research on "The Role of Knowledge and Location in Customer Decisions to Choose Bank Rakyat Indonesia Unit Kedunggebang," it can be concluded that, 1) The knowledge variable (X1) has a positive and partially significant influence on customer decisions in choosing Bank Rakyat Indonesia Unit Kedunggebang products, 2) The location variable (X2) has a positive and partially significant influence on customer decisions in choosing Bank Rakyat Indonesia Unit Kedunggebang products, 3) The knowledge variable (X1) and the location variable (X2) both have a positive and simultaneously significant influence on customer decisions in choosing products and services at Bank Rakyat Indonesia Unit Kedunggebang. The results of this study provide information on the importance of customer knowledge and easily accessible location.

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