Journal homepage: http://jurnal.uinsu.ac.id/index.php/analytica

Journal Analytica Islamica

THE EFFECT OF BANK SERVICE QUALITY AND PRICE ON CUSTOMER DECISIONS AT PT BANK BNI WITH BRAND IMAGE AS AN INTERVENING VARIABLE

Tasyah Maulida Sari Tampubolon[1] Fadli[2] Erman Munir[3]

[1,2,3] Master Of Management, Postgraduate School, Universitas Sumatera Utara, Indonesia
*Corresponding Author: tasyaben7@gmail.com, fadli@usu.ac.id, erman@usu.ac.id

Article Info

Article history:

Received :
Revised :
Accepted :
Available online
http://jurnal.uinsu.ac.id/index.php/analytica

E-ISSN: 2541-5263
P-ISSN: 1411-4380

This is an open access article under the CC BY-SA license

ABSTRACT

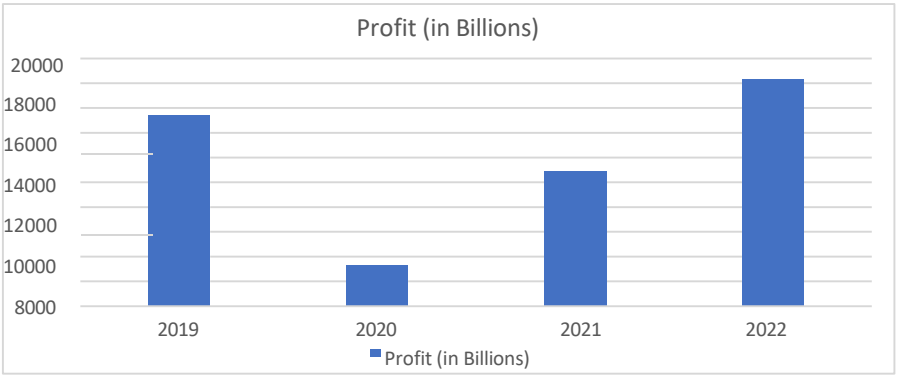
This study aims to analyze the effect of Bank Service Quality and price on customer decision, with brand image as an Intervening variable at PT Bank Negara Indonesia (Persero) Tbk in Medan City. This research is motivated by the increasing competition between conventional banks and fintech companies, as well as the declining customer interest in traditional banking products, reflected in the fluctuation of Third Party Funds (DPK) and the results of a preliminary survey. This study employs a quantitative approach with an explanatory research design. Data were collected through questionnaires distributed to BNI customers in Medan and analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS). The results indicate that Bank Service Quality and price have a positive and significant effect on customer decision. Furthermore, Bank Service Quality and price significantly influence brand image. Brand image has a positive and significant effect on customer decision and successfully mediates the relationship between Bank Service Quality and price on customer decision. These findings suggest that improving service quality, offering competitive pricing, and strengthening a modern and credible brand image are essential strategies for encouraging customers to choose and continue using BNI's banking services.

Keywords: *Bank Service Quality, Price, Brand Image, Customer Decision.*

1. INTRODUCTION

Banking is a financial intermediary institution that collects funds from the public in the form of deposits and then redistributes them in the form of credit and other financial services to support economic growth. According to Law Number 10 of 1998 concerning Banking, a bank is a business entity that collects funds from the public in the form of deposits and distributes them to the public in the form of credit and/or other forms in order to improve the standard of living of the general public. This definition emphasizes that banking not only plays a role as an institution for collecting and distributing funds, but alo as a development agent that promotes financial stability and inclusion.

Between 2021 and 2024, the Indonesian banking industry faced increasingly significant pressure in terms of declining savings and public utilization of banking products. This phenomenon is reflected in data from the Financial Services Authority (OJK), which shows a significant decline in annual growth for time deposits. Growth, recorded at 8.1% in 2021, fell to only 3.5% by the end of 2023. Meanwhile, the consumer credit sector, which had recorded positive growth of 9.4% in 2022, experienced a sharp slowdown to just 5.2% in the first quarter of 2020. The annual growth graph for time deposits can be seen in Figure 1.1.



Source: Katadata 2024

Figure 1.1Annual growth graph for term savings products

This phenomenon is further exacerbated by the fluctuations in profits of financial services companies, reflected in financial data from recent years. As seen in the annual profit chart, there was a drastic decline in 2020, likely caused by the COVID-19 pandemic and the weakening of national economic activity. Profits, which had previously plummeted, began to show a recovery in 2021 and even surged significantly in 2022, surpassing previous years. This surge can be attributed to the aggressive digital transformation undertaken by financial institutions, including the adoption of digital marketing strategies such as utilizing social media to reach and build consumer trust. Thus, changes in consumer behavior toward digitalization also impact the financial performance of institutions, making digital marketing a crucial determinant of maintaining the sustainability of banking businesses in the post-pandemic era.

This trend isn't just a decline in numbers, but reflects a fundamental shift in consumer behavior. Indonesians, particularly millennials and Gen Z, are now showing a growing preference for digital-based financial services. They are increasingly abandoning conventional banking products like term deposits, credit cards, and bancassurance, deeming them irrelevant to their dynamic, fast-paced, and technology-driven lifestyles.

A 2024 Katadata Insight Center survey confirmed this fact. As many as 47% of respondents from the productive age group (25–45 years old) stated they preferred using fintech services or digital financial platforms over products offered by traditional banks. Their primary reasons cited ease of access, speedy processes, and more transparent fees and interest rates. A significant number of respondents also stated they were reluctant to use bank products due to procedures they considered too bureaucratic and inflexible.

On the other hand, fintech is increasingly aggressively taking on the role of financial solutions provider. Products such as peer-to-peer lending, e-wallets with investment features, pay-later services, and micro-mutual funds are now becoming real alternatives for people seeking fast and efficient financial services. These platforms not only provide convenience but also foster emotional connection through personalized service, a practice not widely available in conventional banks.

This behavioral shift has led to a number of banking products stagnating, or even drastically decreasing, in terms of new users. Credit cards, for example, once a mainstay for banks in retaining customers, have begun to lose their popularity amidst the rise of more convenient digital payment methods. A similar trend is occurring with bancassurance, which is being abandoned because many customers feel they don't fully understand the benefits and risks of the product, coupled with a sales approach still dominated by push marketing techniques.

Internally, several banks also face challenges related to suboptimal digital transformation. Although nearly all major banks have developed digital services such as mobile banking and internet banking, many have not been able to match the speed, convenience, and user experience offered by fintech.

This phenomenon is a significant signal that the banking industry must immediately reform. Efforts such as collaborating with fintech companies, developing products tailored to the specific needs of the younger age segment, and improving the quality of digital services are crucial. Banks are required not only to provide financial services but also to create a financial ecosystem that is inclusive, relevant, and proactive in responding to changing consumer behavior.

If this trend continues without an appropriate response, it's possible that traditional banking institutions will lose significant market share in the next five to ten years. Therefore, understanding changing consumer behavior, leveraging technology, and adopting a more adaptive marketing approach are no longer options but rather urgent necessities to maintain the sustainability and relevance of banks in the digital economy.

Changes in consumer behavior in using financial services and increasing competition between conventional banks and fintech are reflected in the development of Third Party Funds (TPF) accumulation at state-owned banks. This data is important for illustrating each bank's relative position in maintaining customer trust and demonstrating the dynamics of competition in the national banking sector.

Details of the total TPF at five state-owned banks during the 2021–2024 period can be seen in Table 1.1.

Table 1.1Ranking of Himbara Banks based on DPK

Year	Mandiri Bank (Rp Trillion)	BRI (Rp Trillion)	BNI (Rp Trillion)	BTN (Rp Trillion)
2020	1,047.3	1,087.55	679,452	279.13
2021	1,291.2	1,365.45	578.8	321.9
2022	1,490.8	1,365.45	614.3	349.9
2023	1,577.0	1,365.45	679.5	349.9
2024	1,699.0	1,365.45	805.5	713.0

Source: Annual Reports of Bank Mandiri, BRI, BNI, and BTN

Based on the data in table 1.1, the total third party funds (DPK) of four state-owned banks can be seen in the development of DPK of Himbara banks in the 2020-2024 period. DPK) of Himbara banks in the 2020–2024 period shows the dominance of BRI and Mandiri as the largest national fund collectors and BNI bank consistently in third place while BTNis stable in fourth place according to its focus on housing finance. at BNI Bank There has been fluctuation in the amount of Third Party Funds (DPK) at BNI Bank in the last five years, so this study is important to examine the factors that influence Customer Decisions. BNI DPK had fallen from IDR 679.4 trillion in 2020 in 2021, actually experiencing a significant decrease to IDR 578.8 trillion. This decline indicates a serious challenge in maintaining public loyalty and interest in saving, especially amid the COVID-19 pandemic and increasingly fierce competition.

Entering 2022, BNI's third-party funds (DPK) increased again to Rp614.3 trillion and continued to grow to Rp805.5 trillion in 2024. Despite the recovery, BNI's position within the Himbara banking group remains consistently ranked third after Mandiri and BRI. This phenomenon indicates that customer growth does not automatically guarantee stable fundraising, therefore, factors such as service quality, pricing, and brand image require further investigation in relation to customer decisions at BNI.

Although banks like BNI continue to develop payroll services as a low-cost fundraising strategy, public data shows that most reports only highlight the number of payroll accounts and their contribution to third-party funds, without explaining actual customer behavior after receiving their salaries. The reality is that many customers hold BNI accounts solely as payroll accounts and do not use them as their primary transaction account, and some even transfer their salaries directly to other banks for transactions. However, this behavior has not been widely studied in the context of banking marketing management, particularly regarding how service quality, price, and brand image influence customers' decisions to save and use BNI accounts as their primary accounts.

The lack of data and research specifically addressing this passive payroll customer behavior creates a research gap that requires further exploration in Table 1.2.

Table 1.2Number of PT Bank BNI Medan customers in 2020-2024

Year	Number of Customers/Year
2020	6,456
2021	7,263
2022	8,070
2023	8,608
2024	9,146
Total 2020–2024	**39,543**

Source: BNI Internal Data 2025

Based on data on the number of general customers of PT Bank BNI for the 2020–2024 period, a steady growth trend is evident, albeit at varying rates each year. In 2020, the number of customers reached only 6,456. This relatively low figure can be attributed to the COVID-19 pandemic, which has restricted public activities, including banking transactions. Many potential customers have delayed opening new accounts due to economic uncertainty and mobility restrictions.

Entering 2021, the number of customers increased to 7,263, representing an increase of approximately 12.5% compared to the previous year. This increase reflects the recovery of public confidence in interacting with financial institutions, including Bank BNI. Factors driving this growth include the public's adaptation to the new normal and the increasingly intensive introduction of BNI's digital banking services, which have made people feel safer conducting transactions without having to visit branches.

In 2022, the number of customers increased to 8,070, an increase of approximately 11.1% compared to 2021. This surge demonstrates growing public trust in BNI's digital services, such as BNI Mobile Banking and BNI Internet Banking, which have proven to facilitate daily transactions. Furthermore, post-pandemic financial literacy has improved, making saving a priority again in household financial management.

In 2023, the number of customers reached 8,608, representing an increase of approximately 6.7% compared to the previous year. During this phase, changes in customer behavior became increasingly apparent. Despite the increase in accounts, the frequency of branch visits decreased as the majority of transactions were conducted through digital channels. This indicates that the definition of Bank Service Quality for customers no longer focuses solely on face-to-face service, but also on the speed, security, and reliability of digital services.

In 2024, the number of general customers increased to 9,416, representing an increase of approximately 9.39% compared to 2023. This growth reflects BNI's success in maintaining a positive brand image as a bank that adapts to technological developments. The bank's strategy of maintaining competitive administration fees and offering savings products with attractive interest rates also supports people's decision to save with BNI. This phenomenon demonstrates that customer decisions are influenced not only by price but also by the quality of digital services and BNI's modern and trustworthy brand image.

Cumulatively, over the past five years, the number of general customers increased from 6,456 in 2020 to 9,146 in 2024, for a total of 39,543. This data demonstrates a consistent

growth trend and a fundamental shift in customer behavior: from a focus on face-to-face interactions to a fast, secure, and user-friendly digital banking experience. The following is a breakdown of retail products and digitalization at BNI in Table 1.3.

Table 1.3 Development of retail products and digitalization at BNI

Aspect	Condition	Additional information
Growth Deposit Customers	< 2% per year	Stagnant from 2022 to early 2024
Card Drop Credit	-6.8% during 2023	Net decrease in the number of cardholders
The main cause	Increased use of digital platforms	QRIS, e-wallet, and other digital banking
Historical Comparison	Lower than pre-pandemic growth (before 2020)	Not explicitly stated, but indicated to be significant
Institutional Challenges	BNI faces difficulties in maintaining retail product performance	Especially on deposits and credit cards
Bancassurance Challenges	Low conversion and retention of insurance products	Many potential customers delay/refuse due to lack of understanding of benefits and inappropriate approach to segment; retention < 50% in the first 12 months in some branches

Source: Indonesian Banking Statistics 2023

Amidst these pressures, BNI has undertaken a number of digital initiatives, such as the launch of the latest version of the BNI Mobile Banking app, wondr, and the development of AI-based features to enhance customer interaction. However, adoption and utilization remain suboptimal. An internal survey at the end of 2024 showed that only around 35% of active app users actually utilize advanced features such as digital account opening, online loan applications, or investment services.

With the growing penetration of fintech companies offering simpler, faster, and more transparent services, BNI now stands at a critical crossroads. The bank must accelerate its digital transformation, focusing not only on infrastructure but also on a complete overhaul of its marketing strategy, service approach, and product design. Without concrete and measurable steps, BNI risks losing relevance to younger customers, the main drivers of future growth in the financial industry.



Source: Google Review 2025

Figure 1.2 Google reviews of BNI Bank in several locations in Medan

Based on reviews from three BNI Bank service users shown in the image, it can be concluded that the quality of service (Bank Service Quality) provided by BNI still faces serious challenges. Key components of service quality such as speed of service, staff friendliness, comfort during the queue process, and proactive attitude towards customer needs are considered very low by users. Comments from Rizky Mulia Hafiz in a Google review highlight poor service and the unfriendly attitude of security guards, even mentioning an incident of raising their voices towards the elderly, this indicates a failure in the dimensions of empathy and responsiveness of service.

Furthermore, reviews from Buya Okan and Muldani Nosarios on Google reinforce similar complaints regarding the lengthy customer service (CS) and teller processes. Excessively long wait times, sometimes reaching five hours, indicate low service efficiency and reliability, which are crucial elements of the SERVQUAL framework. This not only reduces convenience but also triggers frustration, negatively impacting the bank's overall image. In the context of competition with faster and more efficient digital financial services, such weaknesses pose a serious threat to the sustainability of conventional banking institutions.

Research shows that service quality, including tangible and empathy dimensions, significantly influences customer loyalty in Islamic banks (Aisy et al., 2023). Furthermore, customer service quality and customer satisfaction have also been shown to influence customer loyalty in Indonesian Islamic Banks (Istiqomah et al., 2024). Based on these findings, Bank BNI needs to conduct a comprehensive evaluation of its service standards, queuing system, and human resource training to improve customer interactions, enhance customer satisfaction, and maintain public trust.

The pre-survey results showed that BNI's ease of access to digital services received the

highest average score of 3.60, indicating that the majority of respondents considered BNI's digital services, such as the mobile banking application, to be quite accessible and appropriate to their needs. This confirms that BNI's digital transformation has been progressing well, although some respondents still faced technical challenges or limited digital literacy. Furthermore, BNI's service responsiveness received an average score of 3.47, indicating that respondents considered the service to be quite responsive, but not yet fully consistent. Approximately one-third of respondents still felt that the service was not fast enough or responsive enough to customer needs. Meanwhile, BNI's employee empathy received the lowest average score of 3.13, approaching the neutral category. This indicates that respondents' perceptions of employee friendliness, care, and attention are not yet optimal. Therefore, it can be concluded that BNI's main strength lies in its digital aspects, while the greatest areas for improvement lie in enhancing employee soft skills and empathy to further enhance customer satisfaction and loyalty.

Based on the results of a pre-survey of 30 respondents, it appears that perceptions of BNI's prices and service fees tend to be fairly neutral but slightly negative. The question regarding cost transparency received an average score of 3.13, indicating that some respondents considered cost information to be quite clear, but still had doubts about the transparency provided. Meanwhile, the costs of BNI products considered competitive received the lowest average score of 2.95, indicating that respondents felt BNI's prices and costs were not yet fully competitive with other banks. Regarding the aspect of price-to-benefit ratio, the average score of 3.07 indicated that respondents considered the benefits of BNI products to be commensurate with the costs incurred, although not yet completely satisfactory.For the brand image aspect from the public with an average value of 3.03, it shows that respondents assess the discrepancy between customer expectations and the service they receive, inconsistent quality, lack of digital strategy, and the increasingly strong image of competitors.In general, the overall average of 3.05 confirms that customer perception is still in the sufficient category, but not yet positive.

The difference in customer numbers between Bank Rakyat Indonesia (BRI) and Bank Mandiri, despite both being state-owned banks (BUMN), can be explained by their different market segmentation strategies and operational approaches. BRI consistently positions itself as a bank targeting the micro, MSME, and rural segments, thus having a much broader market reach than Bank Mandiri, which focuses more on the upper-middle and corporate segments. With the largest branch network throughout Indonesia, including in remote areas, and supported by a branchless banking program through BRILink agents,

BRI is able to reach communities previously underserved by formal financial institutions. This makes BRI a spearhead for national financial inclusion, particularly in supporting government programs such as the distribution of social assistance, People's Business Credit (KUR), and mass account opening for low-income communities.

On the other hand, Bank Mandiri, despite its superiority in the corporate segment and premium services, does not have as comprehensive a reach as BRI in reaching the lower levels of society. Mandiri's more urban strategy and orientation towards modern digital services for the upper middle class has led to selective growth in its customer base. Meanwhile, BRI utilizes a grassroots approach by building trust and emotional closeness through simple, affordable, and easily accessible financial services, both physically and digitally through the BRImo application. BRI's success in integrating microservices, banking digitalization, and government programs has led to exponential growth in its customer base, making it the bank with the largest number of customers in Indonesia today.

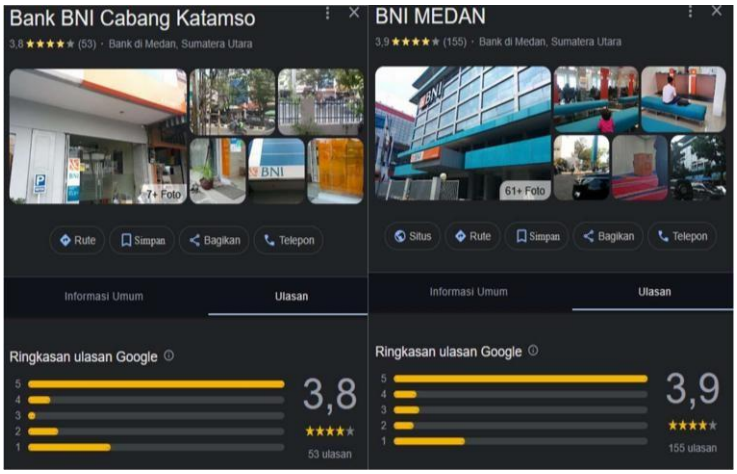
Table 1.4 Comparison of market focus, services, and challenges of state-owned banks in Indonesia

Aspects/Dimensions	Mandiri Bank	BRI (Bank Rakyat Indonesia)	BSI (Bank Syariah Indonesia)
Ownership Status	State-Owned Enterprises	State-Owned Enterprises	BUMN (result of BUMN sharia merger)
Main Market Focus	Corporation, upper middle class, urban	Micro, MSMEs, rural, financial inclusion	Urban Muslims, Sharia retail, halal market
Number of Customers (2024)*	±50 million	±150 million	±19 million
Branch Network	±2,300 outlets	>8,000 work units (the largest nationally)	±1,000 outlets
Featured Digital Services	Livin' by Mandiri	BRImo, BRILink	BSI Mobile
Financial Inclusion Approach	Upper middle class, digitalization	BRILink, KUR, social assistance agents	Digital sharia, financing for MSMEs sharia
Competitive Advantage	Strong technology and infrastructure	Large customer base, extensive network	Religious image, rapid growth of sharia
Strategy Growth	Digitalization and premium services	Segment strengthening micro digitalization	Halal market expansion and sharia inclusion
Image in Society	Modern, professional,digital-savvy	People's bank, popular, familiar	Islamic, clean, trusted according to sharia
Main Challenges	Fintech competition,	Digital transformation	Financial literacy

Aspects/Dimensions	Mandiri Bank	BRI (Bank Rakyat Indonesia)	BSI (Bank Syariah Indonesia)
	low inclusion	and micro retention	community sharia

Source: Annual reports of Bank Mandiri, BRI, and BSI 2024

Restiana (2024) emphasized the importance of Islamic bank marketing strategies in increasing Generation Z's interest in saving in the digital era. Islamic banks need to adopt marketing strategies that align with Generation Z preferences, such as the use of digital technology, cost transparency, and clear pricing structures, to attract them. Therefore, BNI Syariah needs to consider innovation in its marketing strategy and increased cost transparency to compete with fintech and meet increasingly critical market expectations regarding pricing.



Source: Google 2025

Figure 1.3 ***Google Rating of BNI Bank in Medan***

Based on Google review data for two BNI branches in Medan, namely BNI Katamso Branch and BNI Medan, there are indications of a decline in brand image that requires attention. Although review scores are still moderate, namely 3.8 (out of 53 reviews) for BNI Katamso and 3.9 (out of 155 reviews) for BNI Medan, public perception of the BNI brand does not yet reflect its ideal reputation as one of Indonesia's leading national banks.

The number of low-star reviews (1 and 2) at both branches indicates negative experiences from some customers, particularly related to slow and unresponsive service. This has a direct impact on the formation of a negative brand image, where the public begins to view BNI as a financial institution that does not provide services commensurate with public expectations. In the digital era and increasingly competitive financial services, a weak brand perception can erode customer loyalty and hinder new user acquisition.

Research by Larasati and Saputro (2023) emphasizes the importance of service quality and brand image in shaping customer satisfaction. They found that consumers' actual experiences interacting with an institution significantly influence their perceptions of the brand. Positive experiences strengthen the brand image; conversely, negative experiences can damage the brand image and decrease customer satisfaction. Therefore, BNI needs to ensure that every interaction with customers provides a satisfying experience to build and maintain a positive brand image.

Based on the results of a pre-survey of 30 respondents, it appears that respondents' perceptions of BNI's image and credibility are still at a sufficient level, but not yet optimal. Questions regarding credibility and trust in BNI obtained an average score of 3.10, indicating that some respondents consider BNI to be quite credible, although there are still doubts among customers. In terms of BNI's image as a modern and technological bank, the average score obtained was 2.97, the lowest among other indicators, thus indicating that BNI's digital innovation and modern impression have not been fully felt by respondents. Meanwhile, the aspect of pride in using BNI products obtained an average score of 3.03, indicating that this sense of pride exists, but is not yet strong and still needs to be strengthened by the brand image.

Research by Amalia et al. (2023) emphasized that brand image and strategic use of social media play a crucial role in marketing Islamic banking products. They found that authentic digital campaigns aligned with the values valued by modern consumers, such as ease of digital access and emotional engagement, can build strong relationships with customers and increase the bank's competitiveness. Therefore, BNI Syariah needs to adopt more aggressive and innovative branding and social media strategies to maximize customer interaction in the digital economy era.

Based on the results of a pre-survey of 30 respondents, it was found that the level of interest and loyalty towards BNI is still in the sufficient category, but not yet satisfactory. In terms of interest in using BNI products, the average score of 3.10 indicates that some respondents are interested in using BNI products, although many are still not fully interested. The indicator of willingness to recommend BNI to others obtained an average of 2.97, which is the lowest score, indicating that respondents' confidence in promoting BNI is still relatively low. Meanwhile, perceptions of BNI's ability to meet financial needs obtained an average score of 3.03, which indicates that BNI is considered quite capable, but has not yet provided optimal solutions according to customer expectations.

Furthermore, Hidayat and Lestari (2023) highlight the importance of service personalization and product innovation as key to improving customer decision-making, particularly among millennials and Gen Z, who demand fast, flexible, and personalized services. Therefore, BNI needs to integrate customer data and digital technology to offer more relevant products and improve the customer experience to reverse this negative trend in customer decision-making.

The phenomenon of declining interest in conventional banking products, including that experienced by Bank BNI, cannot be separated from two important variables that influence consumer decisions: banking service quality (BQ) and price. In the context of service quality, research by Agustiani et al. (2022) shows that dimensions such as Tangible, Responsiveness, Reliability, Assurance, and Empathy have a significant influence on BNI customer satisfaction, although several aspects, such as Empathy and Assurance, still require improvement. Meanwhile, the suboptimal digital transformation has resulted in the BNI Mobile Banking user experience being unable to compete with the convenience of digital services offered by fintech, as emphasized by Rininda and Nurmalina (2023), who found that mobile banking service quality significantly influences customer satisfaction, contributing more than 70%. Furthermore, price is also a critical factor. A study by Chandra et al. (2024) showed that price has a significant influence on customer satisfaction in the banking sector, particularly in terms of cost transparency and service

efficiency. Fintech, with its simpler and more affordable pricing structure, has attracted younger customers who are more sensitive to value and convenience. Therefore, BNI needs to adjust its pricing strategy and improve the quality of its digital services to regain its relevance and competitiveness amidst increasingly complex and technology-driven consumer preferences.

In addition to service quality and price, the phenomenon of declining customer interest in traditional banking products, as experienced by BNI, is also significantly influenced by the bank's perception and brand image. Brand image is a crucial factor shaping consumer decisions in choosing financial products, especially amidst intense competition between conventional banks and fintech companies that offer more attractive innovations and ease of service. Research by Wibawasari et al. (2024) shows that digital banking experience and brand image significantly influence customer loyalty. This study revealed that brand image plays a significant mediator in the relationship between digital banking experience and customer loyalty, although customer trust does not significantly influence loyalty. These findings highlight the importance of a strong brand image in building emotional connections and increasing customer loyalty in the digital era.

However, the study also highlighted that many conventional banks, including BNI, still face challenges in building and maintaining a brand image that is relevant to the millennial and Gen Z segments. Younger generations tend to look for brands that not only provide financial services but also represent a digital, inclusive, and sustainability-oriented lifestyle. Therefore, BNI needs to transform not only in terms of products and services, but also in brand communications and marketing campaigns that are more creative and authentic to build a modern and progressive image.

Furthermore, a positive brand image also acts as a counterbalance to negative perceptions related to prices or perceived complexity of procedures. Research by Phong and Anh (2023) shows that a bank's brand image and reputation have a significant direct impact on customer loyalty, with customer trust acting as a mediating variable. This study highlights the importance of a strong brand image in building emotional connections and increasing customer loyalty in the banking sector. This finding aligns with the view that customers with positive perceptions of a bank's brand image are more likely to accept slightly higher prices, provided they perceive added value and trust in the services provided. Therefore, BNI needs to adjust its pricing strategy and improve the quality of its digital services to remain relevant and competitive amidst increasingly complex and technology-driven consumer preferences.

The selection of Bank Service Quality, Price, and Brand Image as the primary focus of this study is based on their significance in shaping consumer perceptions and decisions regarding banking services, particularly amidst increasingly complex competition between conventional banks and digital financial service providers. Banking service quality is a key indicator of customer trust and comfort, particularly in the context of intangible services that rely on both direct and digital interactions. When service quality is low, such as slow responses or unempathetic staff attitudes, customer trust declines, which impacts savings decisions.

Meanwhile, price has become a rational factor that is highly considered by consumers, especially the younger generation, who tend to be more sensitive to administration fees, interest rates, and cost transparency. In the era of open information, customers have the

ability to compare various financial services, so the perception of unfair or confusing prices can encourage them to switch to other providers perceived as more profitable.

*Brand Image*Brand image was also chosen as a variable because it represents consumers' overall perception of a bank's reputation and credibility. In situations where service quality and pricing policies are suboptimal, brand image can act as an emotional balance that maintains consumer loyalty. Brands associated with modernity, innovation, and values aligned with a digital lifestyle will more easily form psychological bonds with customers, especially millennials and Gen Z.

Changing consumer behavior trends in using financial services, including declining interest in conventional banking products such as those offered by Bank BNI, reflect the urgency for banks to conduct a comprehensive evaluation of service quality, pricing strategies, and the brand image they build within the community. Based on various negative reviews from customers, both directly through digital platforms and the results of pre-surveys conducted, it is clear that consumer expectations for speed, friendliness, and service efficiency have not been fully met. Furthermore, the emergence of alternative digital financial services that are more adaptive and user-friendly, further narrows the competitive space for conventional banks. Based on this phenomenon, a research gap is apparent. Most previous studies emphasize the influence of service quality and price on customer decisions, but not many have examined the role of brand image as a mediating variable in the context of competition between conventional banks and fintech, particularly at BNI Medan. Therefore, this research is important to analyze the extent to which bank service quality and price influence customer decisions, and how brand image can strengthen or weaken this relationship.

2. RESEARCH METHOD

This study is a quantitative associative (causal) research, aimed at examining the relationships and influences between two or more variables. In this study, Bank Service Quality and Price are analyzed for their effect on Customer Decisions, with Brand Image acting as an intervening variable. The causal nature of this research stems from its goal of exploring both direct and indirect influences among these variables, specifically focusing on how service quality and price perceptions impact customer decision-making through the mediating role of brand image.

The research was conducted in Medan City, with the study period running from October 1, 2025, to December 30, 2025. Medan was chosen as the location due to the significant market presence of PT Bank Negara Indonesia (Persero) Tbk (BNI) in the area, which offers an ideal setting for examining the variables of service quality, price perceptions, and their influence on customer decisions in the banking sector.

Several key variables were identified and operationalized in this study to examine the effect of Bank Service Quality and Price on Customer Decisions, with Brand Image as an intervening variable. The independent variables include Bank Service Quality and Price, which are hypothesized to influence the dependent variable, Customer Decisions. Brand Image functions as a mediating factor, explaining how these independent variables shape customer decisions. To measure these variables, a Likert scale is used, based on

respondents' perceptions, to accurately capture the relationship between the variables and provide valid data for analysis.

The population of this study includes all active customers of PT Bank Negara Indonesia (Persero) Tbk (BNI) who use both conventional and digital banking products and services in Medan. The sample was selected through purposive sampling, ensuring that respondents were active users of digital banking platforms such as BNI Mobile Banking and Internet Banking. The sample size was set at a minimum of 160 respondents, in line with Hair et al. (2019) recommendations for Structural Equation Modeling (SEM) analysis. Respondents were required to meet certain criteria, such as being over 18 years old and using the BNI Wondr app for digital transactions, to ensure that the data collected accurately reflected the perceptions of active banking customers.

Data collection in this study employed a combination of questionnaires, direct observation, and interviews. Questionnaires were distributed to BNI customers in Medan City to gather quantitative data on their perceptions of Bank Service Quality, Price, Brand Image, and Customer Decisions. Direct observations of BNI's service activities provided insights into customer interactions and service quality. Additionally, structured interviews with customers and employees were conducted to gain deeper understanding of factors influencing customer decisions and perceptions of the bank's pricing and brand image. The use of a 5-point Likert scale in the questionnaire allowed for structured responses and facilitated accurate measurement of the variables, while the data analysis was supported by validity and reliability tests using SEM-PLS to evaluate the relationships between the constructs.

3. RESULT AND ANALYSIS

Respondent Overview:

The respondent pool for the study consists of 160 individuals, with the majority (40%) aged 25-35 years. This group is actively engaged in financial activities. Gender distribution shows a slight male dominance (58.1%), and a significant proportion (62.5%) have been BNI customers for more than three years, indicating customer loyalty. The most commonly used savings product is Taplus Savings (56.3%), with many respondents using BNI services frequently, with 50% using services more than six times per month. The income distribution shows that the largest group (43.8%) has an income of Rp 5,000,000–10,000,000, reflecting a middle-income clientele. Most respondents are civil servants (43.8%), followed by entrepreneurs (25%).

Descriptive Analysis:

This section analyzes the customers' perceptions of BNI's service quality (BSQ), price, and brand image using Likert scale measures. The study found that respondents generally rated BNI's service quality positively, with scores ranging from 3.61 to 3.81, highlighting customer satisfaction with the services. However, there were areas for improvement, such as service speed and responsiveness, where some respondents felt the service could be more efficient. Price perception was also positively rated, with most respondents finding BNI's fees reasonable, particularly in comparison to other banks and fintech companies.

Outer Model Test:

The outer model test showed good convergent validity for all indicators in the Brand Image, Bank Service Quality, Price, and Customer Decision variables, with all outer

loadings above 0.70. Discriminant validity was also confirmed, as each variable's Average Variance Extracted (AVE) value was greater than the correlation values between constructs. Reliability tests revealed that all variables had good internal consistency, with Cronbach's Alpha and Composite Reliability values above the threshold of 0.70.

Inner Model Test:

The inner model test revealed significant relationships between variables. Price had the strongest effect on customer decisions, followed by brand image. Bank service quality had a negative influence on customer decisions, suggesting that customers prioritize price and brand image over service quality when making decisions. Price was found to significantly influence brand image, and brand image, in turn, had a positive effect on customer decisions.

Bank Service Quality on Customer Decisions:

Service quality was found to have a negative and significant effect on customer decisions, indicating that while service quality remains important, customers are more influenced by price and brand image when choosing banking services. This finding suggests that BNI needs to focus on improving digital services to better meet customer expectations.

Price on Customer Decisions:

Price was the most significant factor influencing customer decisions, with a positive and strong impact. This aligns with consumer behavior theories, which suggest that customers' decisions are largely driven by perceptions of price fairness and value for money. Transparent and competitive pricing is essential for retaining customers in the banking sector.

Bank Service Quality on Brand Image:

The study found that bank service quality did not significantly influence brand image. This implies that other factors, such as pricing and marketing, play a more crucial role in shaping customers' perceptions of BNI. This finding highlights the shift toward digital services, where traditional service quality is less impactful.

Price on Brand Image:

Price was found to have a significant and positive effect on BNI's brand image. Competitive pricing helps reinforce customers' perceptions of BNI as a trustworthy and value-driven financial institution. A strong brand image, supported by fair and transparent pricing, is essential for sustaining customer loyalty.

Brand Image on Customer Decisions:

Brand image had a positive and significant impact on customer decisions. Customers who viewed BNI positively in terms of its reputation and trustworthiness were more likely to choose BNI for their banking needs. The study suggests that strengthening brand image is critical for maintaining customer loyalty and attracting new clients.

Bank Service Quality on Customer Decisions through Brand Image:

Brand image did not mediate the relationship between service quality and customer decisions, indicating that service quality alone is not enough to influence customers'

choices. Instead, BNI's brand image and pricing structure play a more significant role in shaping customer decisions.

Price on Customer Decisions through Brand Image:

Price was found to have a significant indirect effect on customer decisions through brand image, meaning that positive perceptions of price not only drive customers to use BNI services directly but also contribute to a stronger brand image. This highlights the importance of maintaining competitive pricing to support brand reputation.

Managerial Implications:

The study's findings suggest several managerial implications for BNI. The bank should prioritize competitive pricing and transparency, as these factors are the most influential in shaping customer decisions. BNI should also focus on strengthening its digital services to meet modern customer expectations, as service quality in traditional formats is no longer enough to influence brand image. Marketing efforts should highlight affordability and value, while the brand image should be built around trust, reliability, and innovation. Additionally, improving the digital customer experience is crucial for retaining customers and enhancing BNI's competitive edge in the market.

4. CONCLUSION

Based on the results of research on 160 respondents who are customers of PT Bank BNI, the following conclusions can be drawn.

1. Bank Service Quality has been shown to have a significant but negative influence on customer decisions. This indicates that BNI's service quality is not a driving factor in customer decisions and does not meet customer expectations in the context of modern banking competition.
2. Price has a positive and significant influence on customer decisions, so that cost structure, transparency, and perceived value are the main factors that determine the decision to use BNI services.
3. Bank Service Quality has no significant impact on Brand Image. Customer perceptions of service quality are not strong enough to shape BNI's brand image.
4. Price has a positive and significant influence on Brand Image, so affordability, fairness, and transparency of costs contribute greatly to shaping the bank's brand image.
5. Brand Image has a positive and significant influence on customer decisions, so that positive perceptions of reputation, credibility, and brand value become important factors in driving decisions to use services.
6. Brand Image is unable to mediate the relationship between Bank Service Quality and customer decision-making.
7. Price has an indirect influence on customer decisions through Brand Image, indicating that positive prices strengthen brand image, and this brand image then influences the decision to use BNI services.

References

Aaker, D. A., & Joachimsthaler, E. (2000). Brand Leadership: Building Assets in an Information Economy. New York: Free Press.

Aaker, D. A. (1996). Building strong brands in the digital era. New York, NY: Free Press.

Ajzen, I. (1991). The theory of planned behavior. Organizational Behavior and Human Decision Processes, 50(2), 179–211.

Annual Report Bank Mandiri, BRI, BNI, dan BTN. (2024). Laporan tahunan bank-bank Himbara tahun 2024. Jakarta: Otoritas Jasa Keuangan.

Bahia, K., Nantel, J. (2000). A reliable and valid measurement scale for the perceived service quality of banks. International Journal of Bank Marketing, 18(2), 84–91.

Chaffey, D., & Chadwick, F. E. (2022). Digital marketing (7th ed.). Pearson Education.

Dwivedi, Y. K., Ismagilova, E., Hughes, D. L., Carlson, J., Jacobson, J., Jain, V., Karjaluoto, H., Kefi, H., Krishen, A. S., Kumar, V., Rahman, M. M., Raman, R., Rauschnabel, P. A., Rowley, J., Salo, J., Tran, G. A., & Wang, Y. (2021). Setting the future of digital and social media marketing research: Perspectives and research propositions. International Journal of Information Management, 59, 102168.

Ghozali, I., Latan, H. (2021). Partial least squares: Konsep, teknik dan aplikasi menggunakan SmartPLS 3.2.9 untuk penelitian empiris. Semarang: Badan Penerbit Universitas Diponegoro.

Grewal, D., & Levy, M. (2022). Marketing (8th ed.). McGraw-Hill Education.

Hair, J. F., Hult, G. T. M., Ringle, C. M., Sarstedt, M. (2021). A primer on partial least squares structural equation modeling (PLS-SEM) (3rd ed.). Thousand Oaks, CA: Sage Publications.

Hatta, I. H., Baharuddin, G., & Hilmiyah, N. (2022). Empirical analysis of branding perception on Islamic banks in Indonesia. Quality - Access to Success, 23(189), 95–106.

Hilmy, H. M. A., Saujan, I., & Lanka, S. (2025). Customer satisfaction on digital banking services: Evidence from Islamic financial institutions in Sri Lanka. Journal of Islamic Economics and Law, 8(1), 41–59

Homburg, C., Jozić, D., & Kuehnl, C. (2017). Customer experience management: Toward implementing an evolving marketing concept. Journal of Marketing, 81(1), 377–401.

Indrasari, D., Prihatini, S. (2022). Perilaku konsumen dalam keputusan pembelian produk keuangan. Jurnal Ilmu Ekonomi dan Manajemen, 7(2), 99–108.

Islam, T., Islam, R., Pitafi, A. H., Xiaobei, L., Rehmani, M., Irfan, M., & Mubarak, M. S. (2022). The impact of brand image on customer loyalty: The mediating role of customer trust and customer satisfaction sustainability, 14(1), 1–15.

Ismagilova, E., Slade, E. L., Rana, N. P., & Dwivedi, Y. K. (2021). The effect of electronic word of mouth communications on intention to purchase: A meta-analysis. Information Systems Frontiers, 23(5), 1203–1226.

Katadata Insight Center. (2024). Survei penetrasi dan preferensi keuangan digital Indonesia 2024. Jakarta: Katadata.

Keller, K. L. (2024). Strategic brand management: Building, measuring, and managing brand equity (6th ed.). Harlow, England: Pearson.

Kotler, P., Keller, K. L. (2022). Marketing management (18th ed.). London, UK: Pearson Education.

Laili, S. N., & Hasan, I. (2024). Uncovering the complexity of customer loyalty in Islamic banks: The relationship between service quality, experience, and brand image through customer satisfaction. Journal of Islamic Economics and Finance Studies, 4(2), 357–376.

Lelasari, N., & Bernarto, I. (2023). The impact of customer satisfaction on customer loyalty of BCA mobile banking. Jurnal Manajemen, 27(1), 169–190.

Lemon, K. N., & Verhoef, P. C. (2016). Understanding cuLemon, K. N., & Verhoef, P. C. (2016). Understanding customer experience throughout the customer journey. Journal of Marketing, 80(6), 69–96.

Michael, Y. (2025). The influence of service quality, corporate image, and customer satisfaction on customer loyalty in banking sector in Yogyakarta. International Journal of Research in Business and Social Science, 11(7), 916

Otoritas Jasa Keuangan. (2024). Statistik Perbankan Indonesia 2023. Jakarta: OJK.

Parasuraman, A., Zeithaml, V. A., Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. Journal of Retailing, 64(1), 12–40.

Prananta, W., Hapsoro, B. B., & Permana, M. V. (2021). Role of service quality, price perception, brand image, and information technology involvement in banking product purchase decisions. Advances in Economics, Business and Management Research, 12(2), 187-200.

Pratama, H., Wibowo, M. (2024). Pengaruh kualitas produk dan layanan terhadap keputusan konsumen. Jurnal Manajemen dan Kewirausahaan, 8(1), 44–55.

Prasetyo, B. (2023). Metode penelitian kuantitatif: Teori dan aplikasi. Jakarta: Rajawali Pers.

Ramadhanti, D. F., & Cahyono, E. (2024). Pengaruh Islamic branding, price fairness dan service quality terhadap loyalitas pelanggan yang dimediasi oleh customer satisfaction: Studi pelanggan Elisha Mart Ngaliyan. Jurnal Akuntansi, 5, 97–109.

Slack, N., Singh, G., & Sharma, S. (2020). Impact of service quality on customer satisfaction and loyalty: The mediating role of customer satisfaction. Journal of Business Research, 119, 493–502.

Sugiyono. (2022). Metode penelitian kuantitatif, kualitatif, dan R&D. Bandung: Alfabeta.

Sulistyawati, B. S., Nur Istiqomah, F., Mustofa, H., Diski, K. M., Sukma Melati, N. V., & Rahadhini, M. D. (2023). Pengaruh persepsi harga dan brand image terhadap keputusan pembelian: Studi kasus konsumen Wardah cosmetics Surakarta. Jurnal Ilmiah Manajemen dan Bisnis, 6(2), 771.

Tjiptono, F. (2019). Strategi pemasaran (Edisi 4). Yogyakarta: Andi.

Wirtz, J., & Lovelock, C. (2021). Services marketing: People, technology, strategy (9th ed.). World Scientific.

Yustan, M., Firdaus, A., & Rachmawati, I. (2024). The influence of e-service quality on customer loyalty through customer satisfaction among Livin' by Mandiri users. International Journal of Social Science and Business, 8(1), 142–150.