



Creating Value Beyond Transactions: The Invisible Forces Shaping Mortgage Sales at Bank BTN

Bagus Hendri Setiawan* and Yunus Amar

Hasanuddin University, Makassar, Indonesia
*setiawanbh25a@student.unhas.ac.id

Abstract. This study explores the key factors influencing the subsidized mortgage sales performance of Bank BTN, focusing on product innovation, customer service quality, distribution channels, and brand image. A quantitative approach was employed, utilizing surveys from 120 customers who have used or applied for Bank BTN's subsidized mortgage products. The study found that product innovation, customer service quality, and effective distribution channels significantly contribute to sales performance, with brand image moderating these relationships. Specifically, product innovation, such as flexible loan terms and competitive interest rates, had a positive impact on sales. High service quality was found to enhance customer trust and loyalty, while the use of both physical branches and digital platforms in distribution channels improved accessibility and efficiency. Additionally, a strong brand image amplified the effects of these factors, driving higher mortgage sales. The findings provide valuable insights for both academics and practitioners in the banking sector, offering strategic recommendations for improving the performance of subsidized mortgage products. This research contributes to the literature on financial services marketing and provides practical implications for enhancing customer satisfaction and driving sales in emerging markets like Indonesia. Future studies could examine the impact of additional factors such as financial literacy or government policy on mortgage sales and explore the role of digital transformation in further enhancing mortgage distribution.

Keywords: Subsidized Mortgage, Product Innovation, Customer Service Quality, Distribution Channels, Brand Image.

1 Introduction

The mortgage market in Indonesia plays a vital role in enhancing housing affordability and accessibility, particularly for the lower and middle-income segments of the population[1]. Among the key players in this sector is Bank BTN, a leading financial institution that has long been a pioneer in providing subsidized mortgage products aimed at increasing homeownership for Indonesians[2]. Bank BTN's focus on this segment aligns with the national government's efforts to provide affordable housing for all, making this sector a crucial part of Indonesia's social and economic development [2]. Subsidized mortgages are designed to assist those with limited financial resources

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by offering lower interest rates, longer repayment periods, and manageable down payments, all of which make homeownership more attainable[3]. Given the importance of this market, understanding the business model and business processes of Bank BTN in relation to subsidized mortgages offers valuable insights that could influence future strategic decisions and policies both in the private and public sectors[4].

In recent years, the financial services industry in Indonesia has undergone significant changes, driven by technological advancements and changing customer preferences[5]. As banks, including Bank BTN, continue to evolve, there is an increasing need to understand the intricate business models and processes that drive the success of subsidized mortgage products [2]. This research aims to provide a comprehensive analysis of Bank BTN's business model and business processes, specifically in the subsidized mortgage segment. By examining these elements, the study will not only contribute to a deeper understanding of Bank BTN's approach but also offer practical implications for other banks and financial institutions operating in similar markets.

While many studies have explored the broader banking business models and processes[6,7], few have specifically focused on the subsidized mortgage segment within the context of Indonesia. Most existing literature either focuses on the general banking business models or addresses mortgage products without delving into the complexities of subsidized mortgages[8,9]. Furthermore, limited attention has been given to the specific factors that influence the success of subsidized mortgages, such as innovation, customer service quality, and distribution channels. This creates a significant gap in the literature, as these factors have the potential to significantly impact the performance of subsidized mortgage offerings. Therefore, this research aims to fill this gap by analyzing how these factors relate to the success of Bank BTN's subsidized mortgage business. Additionally, understanding how consumer perceptions of Bank BTN's brand image might moderate the effects of these factors is crucial, as it could offer a more holistic view of the variables at play.

The importance of this research lies not only in filling an academic gap but also in its potential practical implications for Bank BTN and other financial institutions operating in the subsidized mortgage market. A detailed analysis of the factors that contribute to the success or failure of subsidized mortgage offerings can help Bank BTN refine its business strategies and improve its product offerings. This can ultimately lead to better customer satisfaction, increased market share, and enhanced financial performance. Moreover, by identifying the key drivers of success in the subsidized mortgage segment, this study can serve as a valuable reference for policymakers looking to improve housing finance accessibility in Indonesia.

The primary goal of this study is to analyze the relationship between Bank BTN's business model, its business processes, and the performance of its subsidized mortgage products. Specifically, the study will investigate how product innovation, customer service quality, and distribution channels influence the sales performance of Bank BTN's subsidized mortgage products. Moreover, it will examine how the perceived brand image of Bank BTN moderates the relationships between these factors and the mortgage sales performance. The following research questions (RQs) will guide this study:

- RQ1: How do product innovation, customer service quality, and distribution channels influence the sales performance of Bank BTN's subsidized mortgage products?
- RQ2: To what extent does the perceived brand image moderate the relationship between product innovation, customer service quality, distribution channels, and the sales performance of subsidized mortgages?

Addressing these research questions will help clarify the factors that most significantly impact the success of subsidized mortgages at Bank BTN. Additionally, understanding how perceptions of the brand influence these relationships will add depth to the analysis, providing insights into the role of consumer attitudes in shaping financial product outcomes.

The theoretical foundation for this research is based on several key frameworks that are essential to understanding the dynamics of the subsidized mortgage market. First, the explanation of how Bank BTN's internal resources such as its innovative mortgage products, customer service capabilities, and distribution network create competitive advantages that drive the success of its subsidized mortgage offerings. A firm's unique resources and capabilities are critical to sustaining competitive advantage in the market[10]. This framework suggests that Bank BTN's ability to innovate in its product offerings, deliver superior customer service, and effectively use its distribution channels can positively impact its sales performance in the subsidized mortgage market.

Additionally, the Service Quality Model will be employed to examine how customer service quality influences customer satisfaction and loyalty. The model posits that superior service quality leads to increased customer satisfaction[11], which, in turn, improves customer retention and loyalty, thereby boosting sales performance. In the context of Bank BTN, this theory will help assess the importance of customer interaction throughout the mortgage process, from application to disbursement.

The Innovation Diffusion Theory will also be applied to understand how innovations in Bank BTN's subsidized mortgage products such as flexible payment plans, competitive interest rates, and digital applications affect customer adoption of these products [2]. This theory suggests that the introduction of new, more appealing products can accelerate the rate of adoption, leading to greater market penetration and, ultimately, better sales performance. As such, the study will explore how innovation within the subsidized mortgage segment drives the uptake of these products by consumers.

This study employs a quantitative research methodology. Data will be collected through surveys administered to Bank BTN customers who have applied for or used subsidized mortgage products. The study will use regression analysis to test the relationships between the independent variables (product innovation, customer service quality, and distribution channels), the moderator variable (perceived brand image), and the dependent variable (sales performance of subsidized mortgages). This approach will allow for a thorough empirical analysis of the factors influencing Bank BTN's subsidized mortgage sales.

The article is structured as follows: Section 2 will provide a comprehensive literature review, discussing the theories and previous studies relevant to business models,

business processes, and subsidized mortgages. Section 3 will outline the research methodology, detailing the data collection methods and analytical techniques. Section 4 will present the study's findings and interpretations. Finally, Section 5 will discuss the implications of the results for Bank BTN's business model and the broader banking industry, providing conclusions and recommendations for future research.

By addressing the identified research gaps and testing the proposed hypotheses, this study will contribute valuable insights into the subsidized mortgage market in Indonesia, particularly in relation to Bank BTN's strategies and operations. The findings will not only benefit academic literature but also provide practical recommendations for improving the effectiveness of subsidized mortgage offerings in the Indonesian banking sector.

2 Literature Review and Hypotheses Development

2.1 Product Innovation and Its Role in Mortgage Sales Performance

Product innovation is a key factor in the banking sector, especially in the context of subsidized mortgage products[12]. Innovation in mortgage offerings such as competitive interest rates, flexible loan tenures, and additional features like digital loan applications plays a significant role in attracting and retaining customers[13]. Innovation is essential for firms seeking to differentiate their products and capture market share[14]. In the case of Bank BTN, continuous innovation in subsidized mortgage products is critical to meeting the evolving needs of the market and providing solutions that appeal to low- and middle-income segments. Innovative features can increase customer satisfaction by offering more tailored solutions, which are crucial for acquiring new customers and ensuring their long-term loyalty[15].

Studies have shown that in the mortgage sector, product innovation can have a significant impact on customer acquisition, satisfaction, and loyalty, which in turn influences sales performance [13]. Companies that innovate in terms of product features and service delivery are better able to differentiate themselves in competitive markets, resulting in increased market share[16]. Therefore, it is hypothesized that:

- H1: Product innovation has a positive effect on Bank BTN's subsidized mortgage sales performance.

2.2 Customer Service Quality and Mortgage Sales Performance

Customer service quality plays a pivotal role in the overall customer experience in the financial services industry[17]. In the context of subsidized mortgages, where customers are often low- to middle-income individuals, service quality can greatly influence satisfaction and loyalty[18]. The SERVQUAL model emphasizes five dimensions of service quality: reliability, responsiveness, assurance, empathy, and tangibles[19]. These dimensions are directly related to the customer experience throughout the mortgage application process from initial inquiry to loan disbursement.

For Bank BTN, providing high-quality service at every stage of the mortgage process is essential to enhance customer satisfaction, build trust, and increase retention[20]. High levels of service quality contribute to higher customer satisfaction, which leads to repeat business and positive word-of-mouth referrals[21]. Excellent service quality leads to stronger customer loyalty and higher service usage, thereby positively influencing sales performance [20]. Therefore, it is hypothesized that:

- H2: Customer service quality positively impacts the subsidized mortgage sales performance of Bank BTN.

2.3 Distribution Channels and Their Impact on Mortgage Sales

In today's digital age, the effectiveness of distribution channels plays an increasingly important role in the success of financial products, including subsidized mortgages[22]. Distribution channels refer to the various methods through which customers can access products or services, including physical branches, mobile applications, websites, and agents[23]. The advent of digital banking and mobile platforms has significantly transformed how financial products are distributed[24], providing more convenient access for customers.

An effective distribution strategy can enhance customer access, reduce costs, and improve the customer experience[25]. For Bank BTN, a multi-channel distribution strategy combining traditional branches with digital platforms can increase market reach and improve service efficiency [22]. The availability of digital platforms allows customers to apply for mortgages from the comfort of their homes, reducing time and effort while also improving accessibility for underbanked or remote populations[26]. Therefore, it is hypothesized that:

- H3: The effectiveness of distribution channels significantly influences the sales performance of subsidized mortgages.

2.4 Perceived Brand Image as a Moderator

Brand image refers to the perceptions that customers hold about a brand, which are shaped by its reputation, advertising, and overall customer experience[27]. In the context of Bank BTN, a strong brand image in the subsidized mortgage market can enhance customer trust, reduce perceived risk, and increase the likelihood of a customer applying for a mortgage [27]. A well-established brand image provides a competitive advantage by fostering positive consumer perceptions, leading to higher brand loyalty and stronger customer relationships[27].

Perceived brand image also acts as a moderator, influencing the relationships between other variables (product innovation, service quality, and distribution channels) and mortgage sales performance. Customers are more likely to trust and engage with a brand they perceive as credible, especially when making significant financial decisions like applying for a mortgage[28]. Therefore, the perceived brand image of Bank BTN

moderates the impact of product innovation, service quality, and distribution channels on mortgage sales [28]. Based on this, it is hypothesized that:

- H4: Perceived brand image moderates the relationships between product innovation, service quality, distribution channels, and mortgage sales performance.

3 Methodology

This study employs a quantitative, cross-sectional research design to examine the relationships between product innovation, customer service quality, distribution channels, and the sales performance of Bank BTN's subsidized mortgage products. A positivist paradigm underpins this approach, aiming to test pre-defined hypotheses using statistical inference techniques. The study population consists of Bank BTN customers who have applied for or used subsidized mortgage products. A purposive sampling approach was employed to select individuals with relevant experience with these mortgage products, ensuring the responses captured are relevant to the research objectives. The study aimed to collect at least 120 valid responses to enhance statistical robustness and ensure sufficient sample size for analysis.

Data collection was conducted using a structured, self-administered questionnaire, which was distributed through both online and offline channels. The questionnaire was designed to measure the key variables of interest, including product innovation, customer service quality, distribution channels, and perceived brand image. The items were adapted from established scales in the literature and were rated using a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). The survey also included questions related to customers' perceptions of Bank BTN's performance in the subsidized mortgage market, focusing on aspects such as customer satisfaction, ease of application, and the availability of suitable mortgage products.

Before distributing the full questionnaire, a pre-test was conducted with 15 Bank BTN customers to evaluate the clarity, linguistic accuracy, and relevance of the questions. Based on feedback from the pre-test, adjustments were made to ensure the questionnaire was easily understood and appropriate for the target population. Ethical clearance for the study was granted by the university's research ethics committee, and informed consent was obtained from all participants, ensuring voluntary participation and confidentiality of the data collected.

To analyze the collected data, Partial Least Squares Structural Equation Modeling (PLS-SEM) was used, a powerful technique for testing complex relationships among latent variables. PLS-SEM was chosen due to its flexibility in handling non-normal data distributions and its effectiveness in estimating models with multiple independent and dependent variables. The data analysis followed a two-stage procedure: first, the measurement model was assessed for reliability and validity, including tests for internal consistency (Cronbach's alpha and composite reliability) and convergent and discriminant validity. The second stage involved testing the structural model to evaluate the relationships between the latent constructs and assess the explanatory power of the model. Bootstrapping with 5,000 resamples was performed to determine the significance of the path estimates and to provide robust support for the hypothesis tests.

The data analysis aims to provide insights into how Bank BTN's product innovation, customer service quality, and distribution channels influence its subsidized mortgage sales performance, while also examining how brand image moderates these relationships. Through this approach, the study seeks to contribute to the understanding of effective marketing strategies in the financial services industry, particularly in the context of subsidized housing finance.

4 Result

The data analysis begins with a descriptive overview of the respondents to contextualize the findings of this study. Understanding the profile of the participating Bank BTN customers who have applied for or used subsidized mortgage products provides insight into the diversity of the customer base. This initial profiling allows for an informed interpretation of the structural model outcomes by examining variations in customer characteristics, as presented in Table 1.

Table 1. Respondents' Profile

Category	Sub-category	Frequency	Percentage
Type of Product	Subsidized Mortgage Products	120	100%
Age Group	18–30 years	30	25.0%
	31–40 years	50	41.7%
	41–50 years	30	25.0%
	> 50 years	10	8.3%
Employment Status	Employed	80	66.7%
	Self-employed	30	25.0%
	Unemployed	10	8.3%
Income Level	< 5 million IDR	50	41.7%
	5–10 million IDR	40	33.3%
	> 10 million IDR	30	25.0%
Loan Tenure	< 10 years	50	41.7%
	10–20 years	40	33.3%
	> 20 years	30	25.0%
Education Level	High School	30	25.0%
	Diploma (D1-D3)	40	33.3%
	Bachelor's Degree (S1)	40	33.3%
	Postgraduate (S2/S3)	10	8.3%

Source: Primary Data (2025)

Table 1 provides a detailed demographic breakdown of the 120 Bank BTN customers who participated in the survey. The majority of respondents were aged between 31 and 40 years (41.7%), followed by those aged 18–30 years (25.0%). A significant portion of respondents were employed (66.7%), reflecting the typical customer base for subsidized mortgages, which primarily targets working individuals and families. Regarding income levels, 41.7% of respondents had an income level of less than 5 million IDR per month, which is consistent with the target demographic for subsidized housing products in Indonesia.

In terms of educational background, 33.3% of respondents held a bachelor's degree, which indicates a relatively well-educated customer group. A similar proportion (33.3%) had completed a diploma (D1-D3), and 25.0% had attended high school. The majority of mortgage loan tenures were between 10–20 years (33.3%), followed by those with loans under 10 years (41.7%), which aligns with the typical long-term commitment required for subsidized mortgage programs. The diversity in age, employment status, income, education, and loan tenure highlights the varied customer base that Bank BTN serves with its subsidized mortgage offerings.

Understanding these characteristics is crucial for interpreting the results of the study, as they influence customer preferences and behavior in terms of mortgage applications and product satisfaction. The following sections will explore how these demographic factors correlate with product innovation, service quality, distribution channels, and overall sales performance in the subsidized mortgage sector. Table 2 presents the descriptive statistics for each variable, along with quality measures such as outer loading, Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE). These metrics are critical for confirming that the constructs included in the structural model are both conceptually valid and statistically reliable.

Table 2. Descriptive Statistics and Measurement Quality of Constructs

Construct	Item	Mean	St. Dev.	Outer Loading	Cronbach's Alpha	CR	AVE
Product Innovation (PI)	PI1	4.176	0.821	0.835	0.889	0.912	0.678
	PI2	4.210	0.893	0.821			
	PI3	4.162	0.847	0.829			
Customer Service Quality (CSQ)	CSQ1	4.190	0.862	0.847	0.892	0.913	0.695
	CSQ2	4.153	0.879	0.825			
	CSQ3	4.122	0.890	0.834			
Distribution Channels (DC)	DC1	4.143	0.911	0.816	0.875	0.902	0.680
	DC2	4.176	0.867	0.802			
	DC3	4.210	0.892	0.821			

Construct	Item	Mean	St. Dev.	Outer Loading	Cronbach's Alpha	CR	AVE
Perceived Brand Image (PBI)	PBI1	4.155	0.835	0.836	0.887	0.904	0.687
	PBI2	4.121	0.852	0.812			
	PBI3	4.168	0.879	0.830			
Mortgage Sales Performance (MSP)	MSP1	4.207	0.868	0.844	0.891	0.915	0.692
	MSP2	4.180	0.901	0.829			
	MSP3	4.194	0.887	0.823			

Source: Primary Data (2025)

As presented in Table 2, the mean values for all observed items range from 4.121 to 4.210, indicating a generally favorable perception among respondents toward each construct. This is based on a 5-point Likert scale, with higher mean values suggesting a positive consensus toward product innovation, customer service quality, distribution channels, brand image, and mortgage sales performance. The respondents' evaluations of Bank BTN's subsidized mortgage offerings reflect strong agreement with the aspects related to product innovation, service quality, and the effectiveness of distribution channels.

All outer loading values exceed the minimum threshold of 0.70, indicating that each item is strongly correlated with its respective construct. The Cronbach's alpha values for all constructs are above 0.80, signaling high internal consistency and reliability of the measurement model. The composite reliability (CR) values further confirm the robustness of the constructs, with all values exceeding the threshold of 0.80, ensuring the reliability of the constructs used in the structural model. Additionally, the average variance extracted (AVE) values for all constructs are above 0.65, surpassing the standard minimum threshold of 0.50, thereby confirming the convergent validity of the constructs.

In summary, the descriptive statistics and quality measures presented in Table 2 confirm that the measurement model is conceptually sound and statistically robust. The constructs product innovation, customer service quality, distribution channels, perceived brand image, and mortgage sales performance are reliably measured and exhibit sufficient validity, making them appropriate for testing the hypothesized relationships in the structural model. With the measurement model established and confirmed for reliability and validity, the next step in the analysis involves evaluating the structural model, as presented in Table 3, to test the hypothesized relationships among the latent constructs.

Table 3. Structural Model Results

Path	Original Sample	Std. Dev.	t-stat.	p-values	Decision
PI → MSP	0.652	0.045	14.444	0.000***	H1 is accepted
CSQ → MSP	0.318	0.060	5.306	0.000***	H2 is accepted
DC → MSP	0.427	0.065	6.570	0.000***	H3 is accepted

Note: $t > 1.95$. *** $p < 0.001$; ** $p < 0.05$

Source: Primary Data (2025)

Table 3 presents the results of the structural model analysis, showing the path coefficients, t-statistics, and p-values. All the hypothesized relationships in the model are supported, with path coefficients being statistically significant at the 0.001 level.

The path from Product Innovation (PI) to Mortgage Sales Performance (MSP) yielded a coefficient of 0.652 ($t = 14.444$, $p < 0.001$), indicating a strong and significant positive relationship between the innovation of subsidized mortgage products and Bank BTN's mortgage sales performance. This suggests that innovations such as better interest rates, extended loan tenures, and digital applications significantly improve customer acquisition and satisfaction, thereby driving higher sales.

The second hypothesis, testing the direct effect of Customer Service Quality (CSQ) on Mortgage Sales Performance (MSP), is also supported, with a path coefficient of 0.318 ($t = 5.306$, $p < 0.001$). Although the magnitude is moderate, the effect remains statistically significant, highlighting the importance of customer service throughout the mortgage application process in ensuring customer retention and loyalty, ultimately enhancing sales performance.

Furthermore, the path from Distribution Channels (DC) to Mortgage Sales Performance (MSP) shows a coefficient of 0.427 ($t = 6.570$, $p < 0.001$), indicating that the effectiveness of Bank BTN's distribution channels, both physical and digital, plays a crucial role in expanding market reach and improving service efficiency, contributing positively to mortgage sales.

Collectively, these results validate the proposed structural paths and confirm the theoretical framework's focus on product innovation, service quality, and distribution channels as key drivers of mortgage sales performance at Bank BTN. The findings highlight the significance of each factor in shaping the success of subsidized mortgage products in the competitive financial services market. Building on the significant direct effects observed in Table 3, the next step is to examine the moderating role of Perceived Brand Image (PBI) in enhancing the relationships between product innovation, customer service quality, and distribution channels with mortgage sales performance. The moderation analysis results, presented in Table 4, further explore how brand perception strengthens or amplifies these effects.

Table 4. Moderation Effect Results

Hypothesis	Moderation Path	Indirect Effect	t-stat.	p-value	Result
H4	PI → PBI → MSP	0.218	6.322	0.000***	Supported; Partial Positive Mediation
H4	CSQ → PBI → MSP	0.145	5.092	0.000***	Supported; Partial Positive Mediation
H4	DC → PBI → MSP	0.193	6.051	0.000***	Supported; Partial Positive Mediation

Source: Primary Data (2025)

Note: Indirect effect is significant at $p < 0.05$ ($t > 1.96$); type of mediation determined based on direct and indirect significance criteria.

The moderation effect was examined to determine whether Perceived Brand Image (PBI) moderates the relationships between Product Innovation (PI), Customer Service Quality (CSQ), Distribution Channels (DC), and Mortgage Sales Performance (MSP). As shown in Table 4, the indirect effects of Product Innovation on Mortgage Sales Performance through Perceived Brand Image is statistically significant, with a coefficient of 0.218 ($t = 6.322$, $p < 0.001$), exceeding the minimum threshold for significance ($t > 1.96$). This indicates that brand image plays a crucial role in amplifying the impact of product innovation on mortgage sales performance.

The same pattern is observed for Customer Service Quality (CSQ), where the indirect effect on Mortgage Sales Performance (MSP) via Perceived Brand Image (PBI) yields a significant result (0.145, $t = 5.092$, $p < 0.001$). This suggests that the perception of Bank BTN’s brand enhances the positive effect of customer service quality on mortgage sales performance.

Lastly, the relationship between Distribution Channels (DC) and Mortgage Sales Performance (MSP) is also moderated by Perceived Brand Image (PBI). The indirect effect is 0.193 ($t = 6.051$, $p < 0.001$), indicating that a stronger brand image strengthens the influence of distribution channels on mortgage sales.

In summary, these results support Partial Positive Mediation, demonstrating that Perceived Brand Image significantly moderates the relationships between product innovation, customer service quality, and distribution channels with mortgage sales performance. This highlights the critical role of a positive brand image in enhancing the effectiveness of Bank BTN’s marketing efforts, particularly in driving the success of subsidized mortgage products.

5 Discussion

H1: Product Innovation has a Positive Effect on Bank BTN's Subsidized Mortgage Sales Performance

The results of the study provide strong support for H1, indicating that product innovation significantly contributes to the sales performance of Bank BTN's subsidized mortgage products. The coefficient of 0.652 ($t = 14.444$, $p < 0.001$) suggests a robust and positive relationship between innovation in mortgage products and the bank's sales performance.

This finding is consistent with Cherkasova VA et al, who argue that product innovation, particularly in sectors such as financial services, is essential for maintaining competitive advantage [16]. In the context of Bank BTN, innovations such as flexible loan terms, competitive interest rates, and the integration of digital tools (like online application systems) likely make the subsidized mortgage products more attractive to customers. This finding also aligns with the broader literature on financial services marketing, where product innovation is shown to influence customer acquisition and satisfaction, leading to higher sales [15].

The positive relationship can be explained by the fact that customers are increasingly looking for financial products that meet their changing needs such as lower interest rates, faster processing, and more flexible repayment schedules. By innovating in these areas, Bank BTN increases the perceived value of its products, which in turn drives customer engagement and sales performance.

This finding is particularly relevant in the context of Indonesia's growing middle class and the increasing demand for affordable housing. As the housing market continues to expand and become more competitive, product innovation will remain a key factor in attracting and retaining customers. However, in markets with more saturated mortgage offerings, the impact of innovation may be less pronounced unless supported by other factors like service quality or distribution efficiency.

H2: Customer Service Quality Positively Impacts the Subsidized Mortgage Sales Performance of Bank BTN

The second hypothesis, which posits that customer service quality positively affects sales performance, was also supported by the data. With a path coefficient of 0.318 ($t = 5.306$, $p < 0.001$), this result demonstrates that the quality of service throughout the mortgage process has a moderate but significant impact on Bank BTN's ability to drive sales.

This finding is consistent with the SERVQUAL model by Dotchin JA et al, which emphasizes the importance of service quality in customer satisfaction and loyalty [19]. In the context of Bank BTN, high-quality service characterized by timely communication, responsive customer support, and clear guidance throughout the application and disbursement process likely enhances customer satisfaction, leading to higher retention and referral rates. This result highlights the importance of customer service in the subsidized mortgage segment, where clients may feel vulnerable due to the complexity of the application process and long-term financial commitment.

Good customer service reduces the perceived risks and complexities associated with taking out a mortgage. By providing clear information and effective support, Bank BTN is able to build trust with its customers, which not only enhances customer satisfaction but also increases the likelihood of repeat business and positive word-of-mouth referrals.

Boundary Conditions & Context: This effect may vary in different contexts. In more competitive markets with higher customer service standards, the effect of service quality on sales performance might diminish unless Bank BTN maintains superior service quality compared to its competitors. Moreover, while service quality is crucial in the Indonesian market, it may be less impactful in markets where digital tools or automated services replace face-to-face interaction, as customers in such markets may prioritize speed and convenience over traditional service excellence.

H3: The Effectiveness of Distribution Channels Significantly Influences the Sales Performance of Subsidized Mortgages

The findings from H3 confirm that the effectiveness of distribution channels plays a significant role in Bank BTN's subsidized mortgage sales, with a coefficient of 0.427 ($t = 6.570$, $p < 0.001$). This result highlights that distribution channels ranging from physical branches to digital platforms are essential for expanding market reach and improving service efficiency, which ultimately leads to higher mortgage sales.

This result is in line with Andreas Fuster et al, who emphasize that an effective distribution strategy enhances customer accessibility and engagement [26]. In the case of Bank BTN, offering multiple distribution channels, such as in-branch services and online platforms, increases the accessibility and convenience for customers, allowing them to apply for subsidized mortgages regardless of their location or time constraints. The shift toward digital banking has been increasingly important in financial services, particularly in emerging markets like Indonesia, where access to banking services may be limited in rural or underserved areas.

The effectiveness of distribution channels is critical in reducing barriers to access, particularly for low- and middle-income customers who might find it difficult to navigate traditional banking systems. By providing both traditional (in-branch) and digital (mobile apps and online platforms) options, Bank BTN offers customers the flexibility to apply for mortgages in a way that suits their needs and preferences. This approach increases the bank's reach and reduces friction in the application process, thereby driving higher sales performance.

This finding is highly relevant in the context of Indonesia's growing digital adoption. In rural areas or among older populations, the traditional branch network may still be more influential, while younger, more tech-savvy consumers may prefer the convenience of digital platforms. Therefore, the impact of distribution channels may depend on the demographic characteristics of the target market and the availability of digital infrastructure.

H4: Perceived Brand Image Moderates the Relationships Between Product Innovation, Service Quality, Distribution Channels, and Mortgage Sales Performance

H4 was also supported, indicating that Perceived Brand Image (PBI) moderates the relationships between product innovation, service quality, distribution channels, and mortgage sales performance. The findings show that brand image plays a significant role in amplifying the positive effects of product innovation, customer service quality, and distribution channels on mortgage sales performance.

This result is consistent with Abdul Haseeb Tahir et al work on brand equity, which suggests that a strong brand image enhances consumer trust and influences purchase intentions [27]. Bank BTN's reputation for reliability and trustworthiness likely strengthens the impact of other factors such as innovation and service quality on customers' decisions to apply for subsidized mortgages. In markets where customers face significant financial risks, brand image becomes an important driver of trust and perceived value.

The moderating effect of brand image can be explained by the psychological process where customers are more likely to engage with and purchase from brands they perceive as credible and reliable. For example, even if Bank BTN introduces innovative mortgage products or provides excellent service, customers may be hesitant to proceed without the reassurance of a trusted brand. The positive perception of Bank BTN amplifies the effectiveness of other marketing efforts, making customers more likely to apply for and accept the bank's mortgage offers.

This effect may be more pronounced in markets where brand trust is a critical factor in consumer decision-making. In less competitive or less transparent markets, the impact of brand image may be stronger as customers rely more heavily on established brands for reassurance. However, in mature markets with many well-established competitors, the effect of brand image may diminish unless differentiated by superior service or product offerings.

Overall, the study's findings highlight the critical factors influencing Bank BTN's subsidized mortgage sales performance. Product innovation, customer service quality, and distribution channels all play significant roles in driving mortgage sales, while perceived brand image amplifies these effects. These findings contribute to the literature by providing a nuanced understanding of how marketing strategies in the financial services sector can be optimized to improve sales performance, particularly in the context of subsidized mortgage products in emerging markets like Indonesia.

6 Conclusion

This study investigated the factors influencing Bank BTN's subsidized mortgage sales performance, focusing on product innovation, customer service quality, distribution channels, and brand image. The results showed that product innovation, service quality, and distribution channels significantly impact mortgage sales, with brand image moderating these relationships. Specifically, product innovation, such as competitive interest rates and digital applications, positively affects sales. Customer service quality boosts trust and loyalty, while effective distribution channels enhance accessibility. Additionally, a strong brand image amplifies the positive effects of these factors on sales performance.

6.1 Theoretical and Practical Contributions

Theoretical Contribution: This study adds to the literature on financial services marketing by integrating key concepts from product innovation, service quality, distribution channels, and brand image to provide a comprehensive framework for understanding the drivers of subsidized mortgage sales. The findings confirm the importance of these factors in a developing market like Indonesia, extending existing theories in financial services marketing and contributing to the understanding of the specific dynamics that influence subsidized mortgage products.

Practical Contribution: For practitioners, particularly those in the financial services and banking sectors, the results offer valuable insights into the strategic factors that drive subsidized mortgage sales. By focusing on product innovation, enhancing customer service quality, optimizing distribution channels, and strengthening brand image, banks like Bank BTN can improve their market performance. These practical insights provide a roadmap for improving customer acquisition, retention, and overall sales performance in the competitive housing finance sector.

6.2 Limitations

Despite the valuable contributions, this study has several limitations. First, the research was conducted within the specific context of Bank BTN in Indonesia, which may limit the generalizability of the findings to other banks or countries with different market conditions and customer behavior. Second, the study used a cross-sectional research design, which only captures a snapshot of customer perceptions at a specific point in time. Future research could benefit from a longitudinal approach to track changes over time. Additionally, this study focused on quantitative methods, and qualitative research could provide deeper insights into customer motivations and experiences that quantitative data alone may not capture.

6.3 Suggestions for Future Research

Future studies could extend this research by examining how other factors, such as financial literacy or government policies, influence the subsidized mortgage market. Additionally, exploring the role of digital transformation in the financial sector, especially in the context of digital mortgages or fintech innovations, could provide new insights into the evolving dynamics of mortgage products. A broader cross-country comparison could also enhance the understanding of how these factors interact in different economic contexts. Finally, qualitative research methods, such as in-depth interviews or focus groups, could be employed to explore customer experiences in more detail, providing a richer understanding of the mechanisms behind the observed relationships.

In conclusion, this study provides valuable insights into the factors that drive subsidized mortgage sales at Bank BTN, offering both theoretical and practical contributions to the field of financial services marketing. While the study's limitations suggest areas for future exploration, the findings underscore the importance of

innovation, service quality, and brand image in driving success in the subsidized mortgage segment.

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