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Analysis of factors affecting demand for safe and quick loans at PT Pegadaian (Persero) main office in Medan City

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ABSTRACT

The purpose of this research is to determine whether or not Fast Secured Credit (KCA) demand is affected by customers' income, the number of dependents they support, and their level of education. One hundred people were selected at random and through convenience sampling for this study. A quantitave approach was taken for this study. The test result show that the income variable, dependents, and education level have a positive and significant effect on demand for credit. It is recommended that if the customer's income increases, the community should save money, if one day there is an urgent need it can be resolved.

Keywords: Income of customers, Total dependency customer, and Level of education customer.

1. INTRODUCTION

In Indonesia, there are two major categories of financial institutions: banking and non-banking. Both serve the community by acting as intermediaries in fund distribution, and they strive to do so by offering the best credit services to their customers (Fahlevi, 2021). Credit can facilitate loan acquisition. When individuals or businesses need money for consumption or investment purposes, a credit request is made. The public can use capital credit to start a business, and they can use consumer credit to purchase certain goods (A. a. I. N. Marhaeni et al., 2023). Both banks and non-banks can help meet the community's credit needs, but in practice, banks cannot be relied upon as the main source of funding (Watto et al., 2023). The KCA (Kredit Cepat dan Aman) loan from PT Pegadaian is a pawn loan where the borrower pays back the principal of the loan plus interest and then leases the capital for use in any way desired by the borrower. In determining the amount of pawn credit distribution, PT Pegadaian is influenced by internal and external conditions (https://www.pegadaian.co.id/).

In economics, salary is a common synonym for customer income. The term "salary" refers to the monetary or goods compensation earned for professional services provided (Ahmad et al., 2023; Ahmed et al., 2023). A person's salary corresponds corresponds to the nature of the job they perform (Mushtaq et al., 2022). Customer dependents include all household members, such as children, spouses, and extended family, who depend on the breadwinner for support (Fahlevi, Jermsittiparsert, Wongsuwan, Aljuaid, & Chankoson, 2022). Because children can choose to live independently, for example by having their own families, the number of children does not always equal the number of dependents (Prasetyo et al., 2023). Marrying at a young age, having closely spaced children, as well as having children and relatives who are not yet capable of working independently, so they must live with a sufficiently affluent family, are just a few factors that cause a high dependent population (Khasanah et al., 2022).

The customer's level of education is a stage in the learning process determined by the student's current level of development, the desired learning outcomes, and the skills that need to be honed. A person's ability to learn new things and incorporate them into their behavior and way of life increases with the increase in a person's level of education (Fahlevi, Leonita, & Aries, 2022).

2. LITERATURE REVIEW

Influence of Customer Income on Credit Demand
Income is commonly referred to as salary. All receipts, whether in the form of money or goods from others, valued based on a sum of money from the current applicable wealth, constitutes income. Income is a source of a person's earnings to meet daily needs, which is very important for the survival of a person, directly or indirectly (Habiburrahman et al., 2022).

Influence of Customer Dependents on Credit Demand
A household consists of one or more people living in the same place, complementing each other's living accommodations, comprising one family. The household forms the basis for the unit of analysis in various social, microeconomic, and government models, playing a crucial part in economic studies. The person responsible for providing the family's basic needs is referred to as the "head of the household" (Prasetyo et al., 2022).

Influence of Customer's Education Level on Credit Demand
Education is the learning of knowledge, as well as habits from a group of people who, generation after generation, pass on to the next generation through teaching, training, research. Education is obtained from others, but it is also possible to be self-taught through experience (A. A. I. N. Marhaeni et al., 2022).

Conceptual Framework

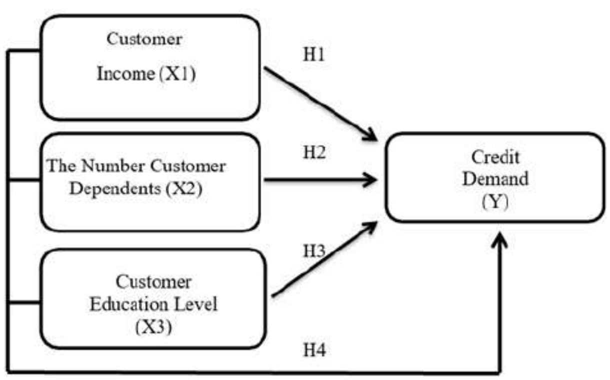

Figure 1. Conceptual Framework

Hypothesis
Based on the above conceptual framework, the following hypotheses can be concluded:

1. Customer income has a positive and significant influence on the demand for Safe Fast Credit (KCA) at PT Pegadaian Main City of Medan.
2. The number of customer dependents has a positive and significant effect on the demand for Safe Fast Credit (KCA) at PT Pegadaian Main Office City of Medan.
3. The customer's education level has a positive and significant effect on the demand for Safe Fast Credit (KCA) at PT Pegadaian Main Office City of Medan.
4. The demand for Safe Fast Credit (KCA) has a positive and significant impact on customer income, the number of customer dependents, the level of customer education at PT Pegadaian Main Office City of Medan.

3. METHODOLOGY

This research uses a quantitative research method. Quantitative methods are research methods used to describe phenomena through data in the form of numbers and in the form of percentages, frequencies, average values, etc (Aprilani et al., 2023; Fahlevi, Jermsittiparsert, Wongsuwan, Aljuaid, Sukpasjaroen, et al., 2022; Romi et al., 2023). This research was conducted at PT Pegadaian Main Office Medan, located at Jl. Pegadaian No. 122, Kec. Medan Maimun, Kota Medan, North Sumatra. The research ran from June 2022 until its completion. The population is a generalization area that consists of a subject or object and has a certain quantity and characteristics set by the researcher to be studied and draw conclusions. The sample is a part of the population with the same characteristics and is considered to represent the population (Shah et al., 2023). The sample selection was made deliberately or purposively using the convenience sampling technique. The sample selection process based on the research used with the purposive method starts with a broad population data analysis. The units selected by the researcher form the basis of the convenience sampling method (Fahlevi, Aljuaid, & Saniuk, 2022). The sampling technique in this research used the Slovin formula with a 10% error rate. Researchers at the PT Pegadaian Medan Main Office took samples of 100 people from a pool of 6792 credit loan borrowers.

Sources and Methods of Data Collection
Data Sources, there are two types of data sources in this research, namely: Primary Data, is data obtained directly by the author from the respondent (Lind et al., 2018). Secondary Data, is indirect data or data from the second party, where the data source related to supporting data in the study was obtained through intermediary media from journals, theses, websites, etc (Saunders et al., 2009). Methods of data collection in this research include: Library Studies, is the taking of theoretical data carried out from previous study references, scientific literature, related to the object under study. Questionnaire, is a method of collecting information by asking participants to respond to a series of questions predetermined. Observation, is a data collection technique by direct observation of the object under study (Sekaran & Bougie, 2016).

Classical Assumption Test
Normality Test According to Lind et al. (2018), the normality test aims to find out whether the residual value in the regression model is normally distributed or not. Multicollinearity Test According to Erlina (2011), the multicollinearity test aims to find out whether there is a correlation between independent variables in the regression model. If the VIF value < 10, it means there is no multicollinearity. Heteroscedasticity Test According to Ghozali (2018), the heteroscedasticity test aims to find out whether there is an inequality of variance from the residuals of another observation in a regression model. According to Fahlevi, Vional, and Pramesti (2022), multiple linear regression analysis aims to find out the relationship between independent variables with dependent variables by looking at the value of each variable whether it is positive or negative. Multiple linear regression analysis can be used to predict the

the value of independent and dependent variables by looking at whether the variable is increasing or decreasing. The following is the formula for multiple linear regression method:

$Y = \alpha + \beta 1X1 + \beta 2X2 + B3X3 + e$

Information:

Y	= Safe Fast Credit Demand (Million Rupiah)
α	= Constant
X1	= Customer income (Million Rupiah)
X2	= Number of dependents (people)
X3	= Level of education
B	= Regression coefficient of independent variable
e	= Error item

Hypothesis Test

Partial Test (T Test) According to Ghozali (2011), the T test shows how far the individual influence of independent variables on dependent variables. With the testing criteria If tcount > ttable then h0 is rejected ha accepted, If tcount ≤ ttable then h0 is accepted ha rejected. Simultaneous Test (F Test) According to Ghozali (2011), explains that to see the effect of independent variables together on the dependent variable. With the testing criteria If fcount > ftable then h0 is rejected ha accepted, If fcount ≤ ftable then h0 is accepted ha rejected. Coefficient of Determination (**R2**) According to Ghozali (2018), determining how great the ability of independent variables to explain the dependent variable is the purpose of the coefficient of determination. Since R2 can take a value between 0 and 1, we consider it satisfactory if it is greater than 0.5. Because most of the dependent variables can be modeled using independent variables, researchers often state the value of multiple linear regression can be practiced.

4. RESULT AND DISCUSSION

Classical Assumption

Normality

This research uses the One Sample Kolmogorov-Smirnov Test. If Asimp. Sig. is 0.200 > 0.05, as seen in the data processing results above, then the data is considered to be normally distributed.

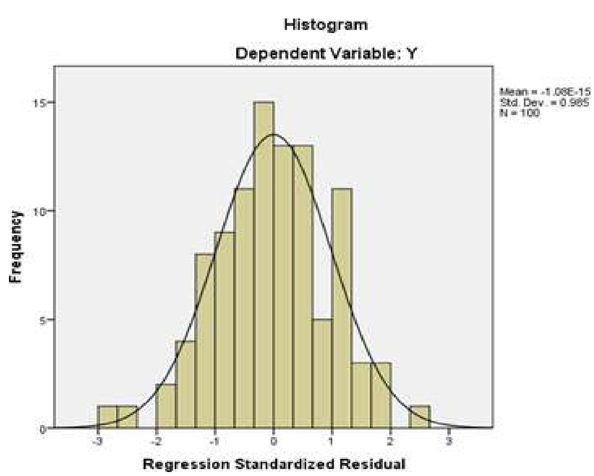

Figure 2. Histogram

Source: Data processing with SPSS 2023.

Based on the Figure 2 above, the graph forms a bell shape indicating the data is normally distributed.

Multicollinearity

There is no multicollinearity problem in the model if the tolerance value > 0.10 and the VIF value is not more than 10. As seen in the table above, there is no evidence of multicollinearity in the data as the VIF values for all variables are less than 10, and the tolerance values are greater than 0.10.

Heteroskedasticity

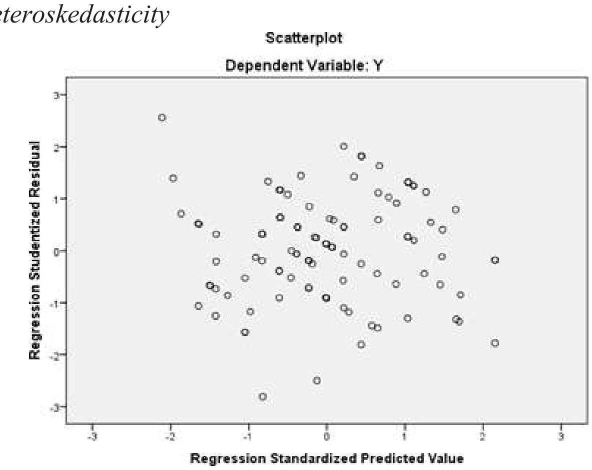

Figure 3. Scatterplot Graph

Source: Processed with SPSS, 2023

From the graph above it can be seen that the points scatter irregularly, this indicates that there are no signs of heteroskedasticity. However, if only based on the graph above can cause different assumptions, therefore testing is carried out by bringing up a new variable

Multiple Linear Regression

Table 1. Regression Result Output

Y	**= 14.078 + e**	**+ .368 (X1)** (.113)	**+ .380 (X2)** (.124)	**+ .380 (X2)** (.097)
Std. Error = 2.879				
Uji T	=	3.269	3.060	4.614
Sig	=	(.001)	(.003)	(.000)
Uji F	= .170			
Sig	= (. 916^b)			
R	= .957^a			

Note : *) Significant at α = 10% **) Significant at α = 5% ***) Significant at α = 1%

Source: Processed with SPSS, 2023

Based on the above estimation results, the relationship between the independent variables (customer income, number of dependents, and level of education) with the dependent variable (credit demand) can be concluded as follows: βo = 14.078 This regression constant indicates that there will be an increase in credit demand by Rp14.078 if the variables of customer income, number of dependents, and customer education level remain constant. β1 = .368 Given all other factors are assumed constant, this regression coefficient indicates that there will be an increase in credit demand of Rp. 368 for every Rp. 1 increase in income. β2 = .380 If the number of customer dependents increases by one while all other factors remain constant, then the regression coefficient indicates that there will be an increase in credit demand of Rp 380. β3 = .450 If a person's level of education increases by one standard deviation while all other factors remain the same, then the credit demand will increase by Rp450.

Table 2. Coefficients

	Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1	1 (Constant)	14.078	2.879		4.890	.000		
	X1	.368	.113	.271	3.269	.001	.863	1.158
	X2	.380	.124	.297	3.060	.003	.630	1.588
	X3	.450	.097	.473	4.614	.000	.565	1.771

It is known that t-table is obtained based on (α; n-k), hence we have: Customer income is significant at 1% with df = 100 - 4 (population - number of variables) = 96, therefore, the t-table value is 2.628 and the significance value is 0.000. Thus, t-value 3.269 > t-table 2.628 and the significance value < 0.05. Based on the data analysis results, the hypothesis that customer income variable has a positive and significant effect on safe and fast credit demand is correct, i.e., if income rises then the demand for credit will also increase. The number of customer dependents is significant at 5% with df = 96, therefore, the t-table value is 1.984 and the significance value is 0.374. Thus, t-value 3.060 > t-table 1.984 and the significance value < 0.05. Based on the data analysis results, the hypothesis that the variable of customer dependents has a significant impact on the safe and fast credit demand is correct. The level of customer education is significant at 10% with df = 96, therefore, the t-table value is 1.660 and the significance value is 0.391. Thus, t-value 4.614 > t-table 1.660 and the significance value < 0.05. Therefore, based on the data analysis results, the hypothesis that the customer's education level variable has a positive and significant effect on the safe and fast credit demand is correct.

F Test Results

The F-table value is obtained based on (dF1, dF2) where: • dF1 = k-1 ; k = number of independent and dependent variables = 4-1 = 3 • dF2 = n-k ; n = number of samples = 100 – 4 = 96 From the data above, with a significance value of 0.01, we obtained F-value 24.255 > F-table 3.992. Conclusion: The variables income (X1), number of dependents (X2), and education (X3) jointly have an effect on the safe and fast credit demand.

Coefficient of Determination (R2)

Based on the SPSS analysis results, the coefficient of determination shows that the variables customer income (X1), number of customer dependents (X2), and customer education level (X3) influence the safe and fast credit demand (Y) by 83.1% based on the R Square value. The remainder (100% - 83.1% = 16.9%) is influenced by other variables outside of this regression model.

5. CONCLUSION

The processing results are in accordance with the null hypothesis shown by the SPSS T-test results, which indicate that the independent variables significantly affect the outcome. According to the T-test, customer income is the variable that has the largest impact on credit demand. The results of testing with SPSS for the F-test show that the independent variables simultaneously have a significant effect on the dependent variable. The SPSS results indicate that the average magnitude of the effect of each variable on credit demand is 83.1%, while the remaining 16.9% is caused by factors not included in the regression model. It is suggested that if customer income increases, the public should save money, so that urgent needs can be met in the future. Based on the analysis results, the number of family dependents significantly influences the demand for credit. This indicates that the number of family dependents determines credit uptake. The analysis results show that the client's level of education significantly affects whether they apply for a Safe and Quick Loan or not. This indicates that an individual's level of education is used as a benchmark by the community to determine who gets praise. Therefore, it is hoped that PT Pegadaian can improve its service by promoting or facilitating easy disbursement of funds, which can help people meet their economic needs.

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