ABSTRACT

This study aims to analyze the effects of product innovation, perceived ease of use, and interest rates on customer interest and SME credit-taking decisions in the urban area of BRI Region 8, as well as to examine the role of customer interest as a mediating variable. This study employed a quantitative approach with an explanatory research design. The sample consisted of 125 productive customers who operate SME businesses and were selected using purposive sampling. Data were collected through questionnaires and analyzed using Partial Least Squares (PLS) with SmartPLS by examining both direct and indirect effects. The results show that product innovation, perceived ease of use, and interest rates have positive and significant effects on customer interest. These three variables also have positive and significant effects on SME credit-taking decisions. Furthermore, customer interest has a positive and significant effect on credit-taking decisions. The mediation analysis indicates that customer interest partially mediates the effects of product innovation, perceived ease of use, and interest rates on credit-taking decisions. These findings indicate that improvements in product innovation, service process convenience, and positive perceptions of interest rates can increase customer interest, which subsequently encourages SME credit-taking decisions.

Keywords: ***Product Innovation, Perceived Ease of Use, Interest Rate, Customer Interest, Credit-Taking Decision, SME.***

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