



A Study On Customer Satisfaction Towards Home Loan With Reference To Vellore District

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ABSTRACT

The research is carried out to understand the customer satisfaction and banking rating provided by the customers in terms of Housing finance company and to find the factors influencing the customer's satisfaction towards the home loans provided by the company. The objective of conducting this study to find the factors influencing the customers towards satisfaction on home loans and to examine the relationship among significant factors influencing customer satisfaction and banking rating. For this purpose, 76 respondents were taken as sample for the study in order to get the needed information. The study is a descriptive type. The data are collected from survey using questionnaire method. The collected data were consolidated and interpreted by using statistical tools like percentage analysis and statistical analysis are used for representation purpose. The research is useful for employees and researchers to understand the customer requirements during purchase of home loan and difficulties faced by the customer during the processing of loans and repayment.

KEY WORDS: Banking, Customer Satisfaction, Customer Requirements, Repayment, etc.

INTRODUCTION TO THE STUDY

The concept of housing finance and the housing finance systems has been evolving over time. According to Loic Chiquier and Michael Lea, "Housing finance brings together complex and multi-sector issues that are driven by constantly changing local features, such as a country's legal environment or culture, economic makeup, regulatory environment, or political system". The demand for housing has increased day by day. Housing finance plays an important role as an engine of equitable economic growth though the reduction of poverty and prevents slum proliferation in economy. To meet the growing housing demand the government needs to provide the finance for housing to the people. The housing finance

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sector in India has experienced unprecedented change in its structure since its formulation stage of being a solely a government undertaking to a very competitive sector with a large number of financing entities all over India. House is center and domestic device for mankind's moral and substance development ever since the dawn of civilization. Housing is one of the most important that we human beings need. Adequate housing is essential for human survival with dignity. There are many things that we would find difficult, if not impossible to do without good-quality housing. Housing shortage is a universal phenomenon. It is more acute in developing countries. The housing scenario has become more critical in India in recent years. India has initiated so many housing reforms that has taken many forms and manifestations characterized by the reduction in social allocation, cutbacks in public funding and promotion of a real estate culture in close partnership between the state and private actors. Mortgage financing markets can play an important role in stimulating affordable housing markets and improving housing quality in many countries. Unfortunately, these are still in infancy in India. This lack of development often translates into lower homeownership rates or poor housing quality. Most of these problems stem from the central dilemma that the resources are always too limited and housing development heavily depend on the financial institutions such as banks, credit corporations and development banks for the supply of finance to meet their daily financial needs.

A home loan is a long-term commitment which is critical. The demand for home loans has increased manifold in the last decade. The reason for this growth is not hard to see, changing mindset with globalization and integration with the developed economies, where mortgages rule the roost, income tax sops in the Union Budgets and substantial rise in the income-generating capacity of Indian youth. So, the present scenario of home loans shows good amount of growth and is heading for a bright future. There are number of banks and housing finance companies offering cheap home loans at a low interest rate. The home loan schemes offered by both public and private sector banks are very competitive. Mostly people prefer public sector banks for home loans, especially because they believe that it is more secure bank and interest rate is lower. On the other hand, the private sector banks are coming daily in our country and the preference of younger population is changing because of services & facilities provided by them. And the most important thing is that the customer should know about each and every term related with Home Loans before applying for a Loan. There are different types of home loans tailored to meet customer needs like

- Home Purchase Loans,
- Home Improvement Loans,
- Home Construction Loans,
- Home Extension Loans,
- Home Conversion Loans,
- Land Purchase Loans; Bridge

- Loans & Mortgage Loans offered by public and private sector banks.

STATEMENT OF PROBLEM

This study has been conducted to understand the difficulties faced by the customer during the loan agreement. Even though people are availing loan and have their dreams fulfilled of having a Home, there are many problems faced by them even after availing the loan. So, this study is undertaken to understand the level of satisfaction or dissatisfaction from the loan availed. Finally, the detail information about the benefits they had received are also considered. Home Loan Agreement is a contract entered between the lender and the borrower that regulates the terms of a loan, during that process of sanctioning the loan customer will face huge difficulties especially in HFC's this is because many of the HFC provide house loans to self-employed peoples were the monthly revenue varies due to their working and other factors too hence proper field study has to be carried out before giving the loan to the customers and the processing cause burden to the customers hence proper study has to made in order to reduce the difficulties and loan approval procedure has to be studied The social status of the customer for the need of home loans and customer preference towards interest option has to be studied Since not much research work has been done in the area of housing finance provided by various types of Financial Institutions from the customers' point of view, it was decided to undertake one such study in Chennai city The main purpose of the study is to attain the knowledge of the processing system of home loans. To understand the home loan market with its current practices in context of Indian scenario. To know the ideas of customers about home loan products and services.

OBJECTIVE OF THE STUDY

1. To study the satisfaction level of customers regarding the home loans provided by Housing Finance company.
2. To study the problems faced by customers in obtaining the home loans.
3. To evaluate Home Loan schemes of Housing Finance company.
4. To study the difficulties faced during the repayment of loans.
5. To know about customers response regarding the home loans.

REVIEW OF LITERATURE

B. CHANDRA MOHAN PATNAIK et al (2017), The title of the journal is "Development of Indian Home Loan Industry" This paper studies about various phases of growth and development of home loan industry and empirical study on Indian home loan Industry. The growth and development has been examined by analyzing the contribution towards GDP and current scenarios are studied such as GST impact on Housing sector and challenges

followed by Future of Home loan Industry in India has been analyzed.

PATNAIK B.C.M et al (2017) The title of the journal is “Home loan portfolio- A Review of Literature” this paper contains only Review of Literature were 18 journal paper has been analyzed in this journal with regard to Home loan industry. And it concludes has the various variables identified are financial basics are behind drop in home cost, interest rate plays an important role, paper work, decrease in profitability, awareness among the prospective customers, poor are not getting the budgetary help, re-arrangement of housing policy of government, service quality, speed of providing services and implementations of schemes should match the economic profile of the borrowers.

MANJULA BAI H (2018) The title of the journal is “Customer Perception towards home loan with special reference to SBI- A Study” This paper provides a platform to understand the prospects and problems of Housing Finance faced by an individual while dealing with a Home loan. So in order to collect this information a researcher has selected 50 respondents who have availed Home

loan of SBI bank in various branches in Shimoga. It particularly focused on the problems or the benefits availed from the housing loan provided by SBI bank. All levels of customers were surveyed by using questionnaire and the level of satisfaction or dissatisfaction from the loan availed was studied. Finally, the detail information about the benefits they had received were also considered. A small attempt has been made to understand the benefits of the home loan and also the level of stress the individual faced while clearing the loan was studied with reference to SBI Bank. Finally, it makes an attempt to offer suggestions to Banks to improvise the procedure of the loan proceedings.

S.V. SATYANARAYANA et al (2019), The title of the journal is “A Comparative Study between Public and Private Housing Finance Companies (HFCs) in India”. the housing sector have led to an increase in the number of banking and non-banking financial institutions providing different types of housing finance services. In this regard, the public (HFCs) and private HFCs are operating at different levels to provide housing finances to all the sections of society. The present study is an attempt to comparatively analyze the financial performance of five public HFCs and five private HFCs in India for the period of 2009-2018. The collected data were analyzed using descriptive statistics in the form of means and a student t-test was conducted to compare the performance of public and private HFCs with regard to various financial ratios. The result showed that profitability, and operating ratios significantly influenced the financial performance of public and private HFCs. The present study calls for regulatory measures and policy reforms to improve the profitability and operating efficiency of both public and private HFCs. This study has an implication in improving the housing finance sector from the perspective of Indian HFCs.

P. VANITHA MALARVIZHI (2019), The title of the journal is “A Comparative Study on Gold
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Loan Offered by Public Sector Banks and Non-Banking Financing Companies, Madurai” This research study is related to a comparative survey of the gold loan offered by Public sector Banks and Non-Banking Financing Companies in Madurai. This study is focused on the preference of the borrowers in availing the gold loan, the awareness level of borrowers about lending norms, factors influencing borrowers to avail the gold loan, problems faced by the borrowers while availing gold loan and satisfaction level of borrowers towards Public sector Banks and Non- Banking Financing Companies in availing gold loan. An attempt has been made to collect information from 107 respondents from the borrowers of gold loan from Public sector Banks and Non-Banking Financing Companies in Madurai city. The data collected using an appropriate questionnaire were analyzed and interpreted using statistical techniques, and also the testing of the hypothesis was done, and conclusions arrived at whether the theories were accepted or rejected.

RESEARCH METHODOLOGY

RESEARCH DESIGN

Research design is the decision regarding what, where, when, how much, by what means concerning an inquiry or a research study constitute a research design. It can be defined as the arrangement of conditions for collection and analysis of data in a manner that aims to combine the relevance to the research purpose to the economy procedure. Research design is needed because it facilitates the smooth sailing of the various research operations, thereby making research as efficient as possible yielding maximal information with minimal expenditure of effort, time and money. In fact, research design has a great bearing on the reliability of the results arrived at end as such constitutes the firm foundation of the entire edifice of the research work.

DESCRIPTIVE STUDY:

Descriptive research is defined as a research method that describes the characteristics of the population or phenomenon that is being studied. This methodology focuses more on the “what” of the research subject rather than the “why” of the research subject. Descriptive research aims to accurately and systematically describe a population, situation or phenomenon. Descriptive research is used to describe characteristics and behavior of sample population. The variable of this study are practical problems during home loan process in Customer’s perception.

DATA COLLECTION

FOR THIS STUDY:

In this study, primary data has been collected directly from the respondents using a questionnaire.

SOURCES OF DATA

- **Primary Data:** Primary data will be collected using structured questionnaire. Data is collected from 76 respondents from Chennai city. A personal interview method will be adopted with the help of a questionnaire.

SAMPLE DESIGN

SAMPLE SIZE:

The numerical value of the representation is the sample size. Sample Size = 76

SAMPLING TECHNIQUE:

Stratified sampling techniques are used in this study. When elements in the population have a known chance of being chosen as subjects in the sample, we resort to probability sampling technique.

DATA ANALYSIS AND INTERPRETATION

STATISTICAL ANALYSIS

ANOVA

Hypothesis

H01: There is no influence of EMI amount and bank rating

H02: There is influence of EMI amount and bank rating

Table No.2.2.2.1 the influence of EMI amount and bank rating

ANOVA

BANK RATING

	Sum of Squares	d f	Mean Square	F	Sig .
Between Groups	16.454	3	5.485	.886	.453

Within Groups	445.652	72	6.190		
Total	462.105	75			

Findings

H01 is accepted.

Interpretation

Since p value is more than 0.05, we accepted H01. Therefore, null hypothesis is accepted.

There is no influence of EMI amount and bank rating.

2.2.1 CORRELATION

H01: There is no relationship between bank rating and customer satisfaction of the bank.

H02: There is relationship between bank rating and customer satisfaction of the bank.

Table No.2.2.2.2 Relationship between bank rating and customer satisfaction

Correlations

		Bank Rating	Customer Satisfaction
Bank Rating	Pearson Correlation	1	.299**
	Sig. (2-tailed)		.009
	N	76	76
Customer Satisfaction	Pearson Correlation	.299**	1
	Sig. (2-tailed)	.009	
	N	76	76

** . Correlation is significant at the 0.01 level (2-tailed).

Findings

H01 is rejected.

Interpretation

Since p value is less than 0.01, we rejected H01. Therefore, alternative hypothesis is accepted. There is relationship between bank rating and customer satisfaction of the bank.

CONCLUSION

The housing finance companies face huge competition on basis of exchanging of loans with commercial banks or other housing finance companies. The waiver of pre-payment penalty charges has increased rivalry among banks and housing finance companies, which the regulator fears will lead to a dilution in underwriting and appraisal standards. Thus, in order to improve the banking function, they have to maintain good customer relationship and the repayment of loan has to be carried out with customer itself. The Interchange of loans will cause loss to the company because of loss of customer and also in interest fluctuation at future. This study helps me to understand the procedure of acquiring loans through housing finance company and I learnt that most of the customers are not salaried professionals they concentrate on non-salaried customers to improve their social status. During covid 19 crisis this company has allowed some provisions on payment of interest because RBI has suggested banking institutions to get interest payment in Interest on Interest basis this bank allows customer to take their time for first 4 months with reduced penalty. Thus, I conclude by valuing the employees of the company and my college staffs for completion of my study.

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