

A Study on Customer Perception Towards Borrowing Home Loan

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ABSTRACT

A person always keeps the first basic need as to own a house. Housing is also accepted as a key sector of the national economy which measures the standard of living and economic condition of the country. To attract customers SBI provide home loans at cheaper rate. This study takes into account the perception of the customer, reasons, problems and knowledge about house loan.

Key Words: Housing loan, Customer perception, Problem

INTRODUCTION

Home is filled with love, joy and happiness. Owning a house is a necessity for anyone and is considered as both a basic need and an essential element in the overall socio economic development. Owning a house provides security and happiness to people. Good housing is important for human development and welfare. In developing country like India, majority of the population live below the poverty line. For them procuring a house is a dream. As the cost of land and construction are rising day by day, huge investments are required for possessing a house. Every one, rich or poor, whether in rural or urban area, needs a proper housing facility to protect life, property and also to lead a peaceful life. Rising Population in India is one of the reasons to develop housing finance. India is worlds the most populous country and will be equaling China's population by 2028. The total population of India is expected to rise to 1.3 billion (according to population projection for India) in assumption of 2018 but the population in India in 2021 is beyond the as sumption.

Now a day's rural people are migrating towards urban areas for employment as well as for education purpose. So they are demanding more for housing loan. Despite the country's achievement in different fields in the last five decades, India is yet to tackle adequately one of its basic needs-that of housing for all. According to the Report of the Technical Group on estimation of housing shortage, Housing shortage is estimated to be around 24.21Million. About 99% of such households are from EWS (Economic Weaker Section) and LIG (Low Income Group), so Pradhan Mantri Awas Yojana (PMAY) is an initiative by Government of India in which affordable housing will be provided to the urban poor with a target of building 20 million affordable houses by 31 March2022.

LITERATURE REVIEW

Mr. Mayur Gurav and Dr. Yogendra kumar Deokar (2019) 3, "A Study of Consumer perception on SBI Home Loan with Special reference to Pune City" This research is based on the SBI home loan So all customer be longs to SBI only, it can be concluded that proposal of home loan is very customer friendly, rate of interest of reasonable, loan procedure is also easy. Any layman customer can understand & trust on SBI as a brand as it's every Indians bank. But still average customer facing problems of documentations, proceduresetc.

Mrs. Aarti Varma (2015)6, "A study on customers view and perception towards home loan" According to my study home loan procedure is difficult and time consuming process for those who do not have appropriate documentary evidence. Maximum people preferred fixed rate of interest. People get knowledge about home loan from television, internet or families and friends. Respondent are agreeing the way they are treated by the banks. Quality of service and minimum rate of interest are the important criteria which are seen by the people before taking homeloans.

STATEMENT OF PROBLEM

- Delay by the complicated formality to claim for homeloan.
- Need to visit the bankoften.
- Lack of communication with banker.
- Delay in arranging security requirement of Bank Objective Of Study
- To identify the procedural problem faced by the customer in taking the home loan in Coimbatore city
- To identify the satisfaction level of customer who avail homeloan.
- To analysis the socio- economic condition of State Bank of India's customer.

RESEARCH METHODOLOGY

This research is based on the primary data collected through the questionnaire from the respondents who have taken home loans. The study sample size is 120 respondents. Simple random sampling method was used here. The tools used in the study was percentage, Garrett ranking and Likert scale. From this it results werefound.

ANALYSIS OF THE RESULTS

Table 1: Percentage analysis

Factor		Frequency	Percentage
Gender	Male	64	53.33
	Female	55	45.83
	Transgender	1	0.84
Age	18 – 30 years	47	39.17
	31 – 45 years	38	31.67
	46 -60 years	31	25.83
	Above 60 years	4	3.33
Educational level	Illiterate	3	2.5
	High school graduate	24	20
	Under graduate	53	44.17
	Post graduate	37	30.83
	Others	3	2.5
Occupation	Government employee	23	19.17
	Private employee	40	33.33
	Self-employee	37	30.83
	Home maker	5	4.17
	Other	15	12.5
Marital status	Married	76	63.33
	Unmarried	44	36.67

Family monthly income	Below 20,000	16	13.33
	20,001 – 50,000	46	38.33
	50,001 – 1,00,000	38	31.67
	Above 1,00,000	20	16.67
Type of family	Nuclear family	92	76.67
	Joint family	28	23.33
Area of residence	Urban area	38	31.67
	Semi urban area	46	38.33
	Rural area	36	30
Type of bank account	Saving a/c	67	55.84
	Current a/c	31	25.83
	Fixed a/c	18	15
	Other a/c	4	3.33

Type of home loan taken	Home purchase	32	26.67
	Land purchase	30	25
	Home expansion	31	25.83
	Home construction	27	22.50
Reason for home loan	Investment	34	28.33
	Desire for home	42	35
	Income tax relief	23	19.17
	To receive rent	21	17.50
Preferable interest type	Fixed interest	62	51.67
	Floating interest	58	48.33
Awareness of PMAY	Yes	87	72.50
	No	33	27.50
Duration taken by bank	0 – 15 days	37	30.83
	16 – 30 days	43	35.84
	31 – 60 days	27	22.50
	Above 60 days	13	10.83

Maximum loan sanction percentage for property value	Below 50%	16	13.33
	50 %	45	37.50
	50 % – 70 %	53	44.17
	Above 70 %	6	5
Period of home loan	Below 5 years	15	12.50
	5 – 15 years	43	35.83
	15 – 20 years	49	40.84
	Above 20 years	13	10.83
Problem while getting Home loan	Lack of knowledge	53	44.17
	Procedural delay	47	39.17
	Credit score	20	16.66
	others	-	-
Action taken by bank When delay in monthly due	Remind over telephone	71	59.17
	Home visit	30	25
	Charge penal interest	17	14.17
	Remind over letter	2	1.66
Way to apply home loan	Through bank	79	65.83
	Service center	18	15
	YONO application	23	19.17

The above table represents that the majority (53.33%) of respondents are male and 45.83% of respondents are female and transgender are 0.84%. 33.33% of the respondents are private employees, followed by 30.83% of them are self-employed 19.17% of them belong to Government employees, and 12.5% and others, 4.17% of them are Home maker. It is inferred that the majority (55.84%) of the respondents have savings accounts, 25.83% of the respondents have current accounts, 15% of the respondents have fixed accounts and only 3.33% of them have other accounts for instance NRI, salary account. Also it is inferred that the majority (72.50%) of the respondents are aware of the Pradhan Mantri Awas Yojana, followed by 27.50% of the people were not aware of PMAY. Also inferred that 44.17% of respondents are facing problem because of lack of knowledge, followed by 39.17% of them are facing problem in procedural delay, 16.66% of them are facing problem in credit score calculation.

Table 2: Garrett rank

		Calculation of Garrett value and Ranking given by respondents							
S. no	Description	1	2	3	4	5	6	Total	Ranking
1	Repayment period	3619	756	864	460	407	552	6448	1
2	Goodwill	1309	2646	702	690	666	345	6358	2

3	Service provided (communication with customers)	847	1071	2106	1288	592	207	6111	3
4	Scheme/product	770	945	1512	1932	628	184	5971	4
5	Interest rate	847	1575	918	828	1332	299	5799	5
6	Minimal documentation	1848	567	378	322	814	1173	5102	6

The first ranks given to "Repayment period", Second rank is given to "Goodwill ", Third rank is given to "Service provided (communication with customers)", Fourth rank is given to "Scheme/product", Fifth rank is given to "Interest rate", Sixth rank is given to "Minimal documentation ".

Table 3: Likert scale

Rating scale	No. of respondents	Percentage %
Satisfied	65	54%
Neutral	55	46%
Not satisfied	-	-
Total	120	100

The above table shows that the majority (54%) of respondents are satisfied with the SBI home loan process and procedure, followed by 46% of them are neutral in satisfaction.

FINDING SIMPLE PERCENTAGE ANALYSIS

- Majority, 72.50% of the respondents are aware of Pradhan Mantri Awas Yojana
- 35.83% of the respondents are satisfied in documentation procedure
- 40.84% of the respondents are prefer 15 - 20 years for the period for homeloan
- 43.33% of the respondents are facing problem in lacking of knowledge while getting home loan.

LIKERT SCALE

From the study of Likert scale 54% of the customer were satisfied with the Procedure of home loan in SBI, and 46% of the customer were neutral in procedure of home loan.

GARRET VALUE ANALYSIS

In the Garrett ranking the high score is awarded to "Repayment period", the least score is awarded to "Minimal documentation"

SUGGESTION

- The loan application formalities may be simplified.
- The change in the terms and conditions especially with regard to interest rate, the concerned customers may be informed
- The customers of SBI suggested that the loan processing/sanctioning time may be reduced further
- All information regarding Housing Loans may be available on the websites with interactive mode.
- Banks may also distribute booklets and advertise attractive advertisements for the awareness of the customer

CONCLUSION

The main reason for taking home loan especially in SBI bank is that it charge low interest rate with comfortable repayment



period. The customers are satisfied with the service provided by SBI though they don't have knowledge about the same. The perception of the customers is positive. The study shows the perception of the customers in availing house loan, problems faced by the customers and the knowledge they hold about home loan. Irrespective of satisfaction level. Though the study has some limitations it was a small attempt to know the view of customers towards house loan. The initiatives of SBI result in a success preference of both rural and urban people towards home loan.

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