A Study on Perception and Awareness towards Home Loans Offered by Public and Private Banks

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Abstract
Different market players are providing Home loans to meet the necessity of possessing a home of an individual. In India, many public and private sector banks offer different types of Home loans with different interest rates and standardized loan policy. The objective of this study is to study the satisfaction level of customers towards home loans, awareness of home loans products in Hyderabad, and empirical study on the housing loan industry. In this regard, primary data is used through a questionnaire. The issues related to drivers of demand in the housing, the evolution of home loans, Housing in India, importance, an home loans types have been discussed. Through this paper, the basics of housing loans are addressed and the basic difference between public sector banks and private sector banks is discussed.

Keywords: Housing Loan, Home Loan, Rate of Interest, Customer Satisfaction and Awareness

Introduction
Home is a dream of someone that suggests the quantity of efforts, sacrifices luxuries, and exceptionally accumulating budget stage by stage to come up with the money for one’s dream. Home is one of the matters that everyone desires to possess or own. Home is a refuge to man or woman wherein he rests and senses relaxed. Many banks offer home loans whether or not industrial banks or economic establishments to the individuals who want to have a domestic. Many banks are providing domestic loans at the most inexpensive charge to attract clients closer to them. The greater customer-pleasant mindset of those banks presently offers to purchaser’s cheapest loan over houses. Home loans have numerous advantages includes; attractive interest rates, assistance in owning a home, no guarantor requirements, doorstep services, loan tenure, and the benefit of Insurance. It also has a limited disadvantages includes; delay in processing, different interest rates, high cost of processing, and problems in disbursements.
Every bank has its process to disburse the loan quantity among customers. After selecting your right home, the subsequent step is the disbursement of home loans. The loan amount is allotted after identifying and deciding on the belongings or homes that are bought and submitting the considered necessary prison files. In the disbursement of domestic loans, a clean title and full verification to make sure that someone has full rights on his house. The 230A clearance of dealer &/or 371 clearances from the suitable power of revenue department or Income tax is likewise needed. In India home loans follow a stringent procedure which involves; submission of application form, validating information, issue of sanction letter, submission of documents, validation of property, and payment procedure.

Review of Literature

Sangwan and Bhan (2012), research says the process of home loans and issues faced by clients in the process of home credit. They were concluded by telling private sector banks are better than public sector banks. Satish Manwani, et.al (2019) discussed the Satisfaction of consumers to the Home Loan Scheme of ICICI. They told that customer satisfaction is the most priority in the case of ICICI. Tools used like chi sq., factor analysis, etc. Utkarsh Gupta, et.al (2018), have discussed the various factors affecting the consumer’s decision to purchase a home loan. Studied that due to the demand and requirements of accommodation the demand for home loans has increased in India. Dr. G.S. Bhalla, et.al (2016), have studied the factors affecting the customers to buy a home loan and what all factors motivate customers to choose a particular bank. Sangeeta Sahni, et.al (2018), have analysed the Public sector, private sector, and foreign banks role in housing finance in India. Explained the detailed home loan products in India. Vandell, Kerry D (2008) analyses the sharp upward push after which drop down domestic costs from the period 1998 to 2008. Changes in expenses are for the motives as such monetary basics, the trouble becomes not subprime lending in keeping with secure, but the dramatic reductions and subsequent will increase in interest quotes in the course of the early- mid-2000, the housing loan prosperous was focussed in the one’s markets with full-size deliver-aspect regulations, which incline to be supplementary fee-unequal. The hassle turned into now not in the excess supply of credit in aggregate, or the growth in subprime consistent with se, however as an alternative inside the elevated or reduced presence of sure other mortgage products. Dr. Rangarajan C. (2001) said that the economic gadget of India built a full-size community of monetary institutions and markets over instances and the arena is dominated by using banking region which accounts for approximately two-0.33 of the belongings of the prepared monetary sector. DePaul Singh (2001) in his take a look at entitled patron Behavior and Bank Retail products an Analysis “Stresses that the debtors’ mindset is an essential issue for the development of housing loan schemes. La courMicheal (2006) dwindled on the home purchase loan product possibilities of LMI households. The objectives of his observation have been to evaluate the elements that decided their desire for a loan product. The pricing position and substitution in products play in this segment of the market and to confirm whether or not outcomes range whilst loans are originated via mortgage brokers. In this situation, regression evaluation has been used and outcomes have shown that excessive hobby threat reduces loan fees. Anantha Swamy (2001) emphasised on appraisal of the overall performance of different financial institution groups in India inside the backdrop of opposition, deregulation, and modifications within the area of banking. He categorises banks into the public quarter, antique private zone, new private area, and overseas banks. His recognition has been on profitability, NPA, contingent liabilities, spread, and so forth. For the ultimate five years and concludes that the new personal sector banks are appearing higher than the banks in other sectors. Jamal and Naser (2002) observe “The elements influencing client pleasure in the retail banking sector of Abu Dhabi”. He amassed vital facts about
the usage of the dependent questionnaire. Customer reaction to questionnaire suggests that the purchaser expectations from the bank and provider excellent supplied by using the banks are the principal determinants of patron delight. Their research on factors influencing customer pride in the Pakistan retail banking sector15 additionally exhibits that carrier first-rate is the vital determinant of client pleasure. Bharathi Pathak (2003) makes takes a look at “The monetary operations of new era non-public region banks in India”. Five banks (Indusind bank, Centurion bank, HDFC financial institution, ICICI Bank, and UTI financial institution) are taken up for economic evaluation for a length of 5 years from 1996-97 to 2000-01. Their economic overall performance is studied underneath four unique parameters – financial, operating, profitability and productivity. His end is that the working of all banks is best but HDFC bank comes at the pinnacle closely observed by way of ICICI bank. Filomina’s (2004) survey on expectations of the client from retail banks suggests that not one of the banks is capable of meeting the numerous needs of customers. As a result, the customers aren’t so unswerving to a selected financial institution and go for multiple banking.

Customers are aware of the type of products and services which are available inside the banking quarter and demand them from their banks. The competitive banking of new generation banks makes clients dislike them. S. Joy (2005) in his study “Performance evaluation of personal sector scheduled banks in Kerala” indicates that private sector banks in Kerala are away underneath the alternative banks in performance but above different banks in increased proportions. Dharmendra Singh and Garima Kohli (2006) believe that the brand new generation banks in India are distinct from the traditional banks. They are the pioneers in the use of generation, usage of manpower with expert control, and enforcing company governance. The conventional banks follow the technology adoption of those banks to keep customers.

Need for the Study

In modern society, a house not only satisfies the necessity for housing for human being but also security and pleasure in society. To possess this, one should have the capacity to buy or hire or to create their dream home. Since the massive a part of the population of middle-income groups can own a house but lack to assemble huge amounts without delay. Here originates the role of economic institutions to fund this sort of construction. Nowadays there are numerous financial institutions that are providing housing loans that are offering to customers many various forms of schemes in addition as terms and conditions. And it’s become complicated for the shoppers to pick out proper financial institutions thanks to stiff competition and global crisis. It’s also important to understand what exactly customers want from financial institutions still as their experience, taste & preferences. So, the study on the role of economic Institutions in providing housing loans for the middle-class income group has become important.

Objectives of the Study

• The key objective of this study is to know the Customer’ perceptions about home loans of Public and Private sector Banks.
• To study the satisfaction level of customers about home loans.
• To study the issues faced by customers in obtaining home loans.
• To study the awareness of customers about home loans of Public & Private Banks.

Methodology

The research was conducted for a Comparative study on home loans between PSU Banks and Private Banks. A Questionnaire is prepared for the survey which has been conducted in Hyderabad Zone. Data have been collected from the customer by a personal interview. The research design used in this research is Exploratory Research Design.
A Research Survey is performed among 400 customers of different PSU Banks and Private Banks. The technique of Random Sampling will be used in the analysis of the data. All possible efforts were made to gather information in some rational way to remove biases. The sampling unit primarily consisted of the needed people like businessmen, professionals, salaried employees, and others. The sample unit is taken from the Hyderabad region. Though large samples give more reliable results than small samples but increase the cost, time, and non-sampling error. Primary and Secondary data will be used for the study primary data through survey of questionnaire secondary data through published and unpublished data. Data were analyzed using a bar chart, graphs and hypothesis tested using T-test.

**Data Analysis**
All the data presented were collected through Primary sources.

**Age**

|               | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------|-----------|---------|---------------|--------------------|
| Below 30      | 88        | 22.0    | 22.0          | 22.0               |
| 30-40         | 160       | 40.0    | 40.0          | 62.0               |
| 40-50         | 108       | 27.0    | 27.0          | 89.0               |
| Above 50      | 44        | 11.0    | 11.0          | 100.0              |
| **Total**     | **400**   | **100.0**| **100.0**     |                    |

**Interpretation:** Table 1 reveals that 22% of the respondents are of the age group of below 30, 40% of the respondents are of the age group of 30-40 years, 27% of the respondents are of the age group of 40-50 years and 11% of the respondents are of the age group of 50 years and above.

**Educational Qualification**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Graduate  | 144       | 36.0    | 36.0          | 36.0               |
| Post Graduate | 116  | 29.0    | 29.0          | 65.0               |
| Others    | 140       | 35.0    | 35.0          | 100.0              |
| **Total** | **400**   | **100.0**| **100.0**     |                    |

**Interpretation:** Table 2 reveals that 36% of the respondents are graduates, 29% of the respondents are postgraduates and 35% of the respondents have other qualifications.

**Occupation**

|          | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------|-----------|---------|---------------|--------------------|
| Business | 44        | 11.0    | 11.0          | 11.0               |
| Salaried | 240       | 60.0    | 60.0          | 71.0               |
| Professional | 56  | 14.0    | 14.0          | 85.0               |
| Other    | 60        | 15.0    | 15.0          | 100.0              |
| **Total** | **400**   | **100.0**| **100.0**     |                    |
**Interpretation:** Table 3 reveals that 60% of the respondents are salaried, 14% of the respondents are professionals, 11% of the respondents have a business, and 15% of the respondents have other occupations.

### Which Income group do you belong to

| Income Group         | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Below 4 Lacks        | 56        | 14.0    | 14.0          | 14.0               |
| 4-8 Lacks            | 136       | 34.0    | 34.0          | 48.0               |
| 8-12 Lacks           | 148       | 37.0    | 37.0          | 85.0               |
| 12 Lacks and above   | 60        | 15.0    | 15.0          | 100.0              |
| **Total**            | **400**   | **100.0**| **100.0**     | **100.0**          |

**Interpretation:** Table 4 reveals that 37% of the respondents have an annual income of 8-12 Lacks, 34% of the respondents have an annual income of 4-8 Lacks, 15% of the respondents have an annual income of above 12 Lacks and 14% of the respondents have an annual income of below 4 Lacks.

### Are you aware of the home loan product of any of the following banks?

| Bank       | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------|-----------|---------|---------------|--------------------|
| ICICI      | 88        | 22.0    | 22.0          | 22.0               |
| HDFC       | 84        | 21.0    | 21.0          | 43.0               |
| PNB        | 68        | 17.0    | 17.0          | 60.0               |
| SBI        | 88        | 22.0    | 22.0          | 82.0               |
| Other      | 72        | 18.0    | 18.0          | 100.0              |
| **Total**  | **400**   | **100.0**| **100.0**     | **100.0**          |

**Interpretation:** Table 5 reveals that 22% of the respondents are aware of the home loan product of any of ICICI Bank, 21% of the respondents are aware of the home loan product of any of HDFC Bank, 17% of the respondents are aware of the home loan product of any of PNB Bank, 22% of the respondents are aware of the home loan product of any of SBI Bank, and 18% of the respondents are aware of the home loan product of any of other Banks.

### Name of housing finance bank from which you have taken a loan.

| Bank      | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| SBI       | 124       | 31.0    | 31.0          | 31.0               |
| PNB       | 104       | 26.0    | 26.0          | 57.0               |
| HDFC      | 72        | 18.0    | 18.0          | 75.0               |
| ICICI     | 100       | 25.0    | 25.0          | 100.0              |
| **Total** | **400**   | **100.0**| **100.0**     | **100.0**          |
Interpretation: Table 6 reveals that 31% of the respondents have taken housing finance from SBI Bank, 26% of the respondents have taken housing finance from PNB Bank, 18% of the respondents have taken housing finance from HDFC Bank, 25% of the respondents have taken housing finance from ICICI Bank.

Time is taken to approve the Loan

|       | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|---------|---------------|--------------------|
| <5 days | 16        | 4.0     | 4.0           | 4.0                |
| 5-15 days | 92       | 23.0    | 23.0          | 27.0               |
| 16-25 days | 184     | 46.0    | 46.0          | 73.0               |
| >25 days | 108      | 27.0    | 27.0          | 100.0              |
| Total  | 400      | 100.0   | 100.0         |                    |

Interpretation: Table 7 reveals that 46% of the respondents got a home loan approved within 16-25 days, 27% of the respondents got a home loan approved in more than 25 days, 23% of the respondents got a home loan approved within 5-15 days, and 4% of the respondents got a home loan approved within 5 days.

Why did you choose Public Sector/Private Sector Bank to get a home loan?

|     | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----|-----------|---------|---------------|--------------------|
| Rate of Interest | 144 | 36.0    | 36.0          | 36.0               |
| Fast Sanction     | 116 | 29.0    | 29.0          | 65.0               |
| Good Service      | 28  | 7.0     | 7.0           | 72.0               |
| Easy Processing   | 84  | 21.0    | 21.0          | 93.0               |
| More Branches     | 16  | 4.0     | 4.0           | 97.0               |
| Others            | 12  | 3.0     | 3.0           | 100.0              |
| Total             | 400 | 100.0   | 100.0         |                    |

Interpretation: Table 8 reveals that 36% of the respondents chose Public Sector/Private Sector Bank to get a home loan because of Rate of Interest, 29% of the respondents because of fast sanction, 21% of the respondents because of easy processing.

Reason for getting a home loan

|                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Benefit of tax    | 8         | 2.0     | 2.0           | 2.0                |
| Nonavailability of funds | 216   | 54.0    | 54.0          | 56.0               |
| Reluctance to pay cash in one stretch | 152 | 38.0  | 38.0          | 94.0               |
| Others            | 24        | 6.0     | 6.0           | 100.0              |
| Total             | 400       | 100.0   | 100.0         |                    |
**Interpretation:** Table 9 reveals that 54% of the respondents took home loans because of the non-availability of funds, 38% of the respondents took home loans because of reluctance to pay cash in one stretch.

**Are you satisfied with the rate of interest?**

|          | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------|-----------|---------|---------------|--------------------|
| Public Sector | 248       | 62.0    | 62.0          | 62.0               |
| Private Sector | 152       | 38.0    | 38.0          | 100.0              |
| **Total** | **400**   | **100.0** | **100.0**     | **100.0**          |

**Interpretation:** Table 10 reveals that 62% of the respondents are satisfied with the rate of interest of public sector banks and 38% of the respondents are satisfied with the rate of interest of private sector banks.

**Are you satisfied with the service provided by your bank?**

|                      | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Extremely dissatisfied | 12        | 3.0     | 3.0           | 3.0                |
| Somewhat dissatisfied | 128       | 32.0    | 32.0          | 35.0               |
| Neutral              | 56        | 14.0    | 14.0          | 49.0               |
| Somewhat satisfied   | 156       | 39.0    | 39.0          | 88.0               |
| Extremely Satisfied  | 48        | 12.0    | 12.0          | 100.0              |
| **Total**            | **400**   | **100.0** | **100.0**     | **100.0**          |

**Interpretation:** Table 11 reveals that 39% of the respondents are satisfied with the service provided by their bank and 32% of the respondents are dissatisfied with the service provided by their bank.

**Hypotheses Results**

- **HO1:** There is no association between customer satisfaction towards services provided by the Bank and the Age of respondents
- **HO2:** There is no association between awareness towards Home Loan and the Age of respondents

| Sr. No. | Hypotheses                                                                 | Sig.  | Association |
|---------|-----------------------------------------------------------------------------|-------|-------------|
| 1       | There is no association between customer satisfaction towards service provided by banks and Age. | 0.441* | No          |
| 2       | There is no association between the age of respondents and Awareness towards Home Loan | 0.022 * | Yes         |

* 5 % significance level

**Interpretation:** Table 6.13 shows the association between customer satisfaction and awareness towards home loans against the age of respondents. At a 5% significance level fail to reject the
null hypothesis and accept the null hypothesis as the significance value is greater than 0.05, it can infer that customer satisfaction has no association with age. At a 5% significant level reject the null hypothesis as the significance value is less than 0.05, it can infer that there is an association between the Age of respondents and awareness towards the Home loan.

Conclusion

In a developing country like India majority of the population are below the poverty line. For them proudly owning a residence is a distant dream. For the maximum of the buyers, the most important investment has been of their personal domestic. One of the important inputs of housing is finance and different required inputs are land, building strategies technology, sales, and offerings. Hence for the general public, the people housing finance appears to be the most effective feasible answer. The preference and the expectancy of the borrowers were analyzed to identify the factors that influence a housing loan borrower in the selection of a company and their stage of pride in the direction of the offerings presented by using the chosen business banks. The analysis is made based on primary statistics amassed from commercial banks and housing mortgage borrowers via a properly-structured schedule and a questionnaire

For millions, the sky is the roof below which they sleep and billions live in dangerous and unsanitary settlements where the fundamental centers are conspicuous with the aid of their absence or chronic inadequacy to each citizen toward the thing of social responsibility. Providing housing facilities to every member of the society is one of the primary responsibilities of the government in the direction of the society. Therefore, steps need to be taken by using the government to boom the running efficiency of banks in imparting housing finance. Long-term finances can be made to be had liberally to these banks supplying housing finance which might enable these banks to provide a safe shelter to billions of people. This will permit the state to find an area in the listing of devolved nations in a quick term.

At a 5% significance level fail to reject the null hypothesis and accept the null hypothesis as the significance value is greater than 0.05, it can infer that customer satisfaction has no association with age. At a 5% significant level reject the null hypothesis as the significance value is less than 0.05, it can infer that there is an association between the Age of respondents and awareness towards the Home loan.

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