

A Study on Consumer Perception and Satisfaction Towards Home Loan

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Abstract- Purchasing a property is also a popular investment option for many people. This promotes real estate development and hence economic growth. However, in today's market, purchasing a property is a difficult task due to the significant financial outlay. Housing financing is taking out a loan and paying monthly installments with low interest rates. The primary goal of this study is to learn about consumer perceptions of house loans among private and public sector banks. It is a primary research article, and data is gathered using a structured questionnaire and customer interactions. The study's findings indicate that public knowledge of house loans is high, and with the benefits and services provided by banks, more customers are prepared to go home as an investment.

Indexed Terms- Home Loan, Consumer Perception, Housing Finance.

I. INTRODUCTION

A person's first fundamental necessity is always to possess a house. Housing is also recognised as a critical component of the national economy that assesses the country's level of living and economic situation. Good housing is essential for human growth and well-being. It offers human beings with shelter, security, conveniences, and seclusion. To entice clients, banks offer lower-interest home loans. The more knowledge a buyer has about a product or service, the more at ease they will be while purchasing it. Positive customer perception is a powerful marketing strategy. Customers are the King and Queen of any business. It is a critical success factor. This research considers the customer's decision, motivations, issues, and knowledge about the home loan.

Customers encounter several issues when obtaining housing loans. A few issues include a lack of

understanding, procedural delays, the intended amount not being sanctioned, and a low credit score. The purpose of this research is to uncover the issues that clients confront while obtaining house loans from banks. When there are several difficulties, a survey was conducted to determine the consumer's view of the loan.

Humans have three basic needs: food, shelter, and clothes. Among them is shelter, which is a covered area or a shield built to protect oneself from harm or danger (External). People nowadays are content solely if they buy a house in the area where they reside. Building one's own home is a difficult process that requires additional financial assistance to finish. As a result, numerous financial institutions have stepped up to offer loans for home construction under the guise of "home loans." National Housing Bank (NHB), a financial agency for housing, is the regulatory body for home loans. It was established in 1988 under the National Housing Bank Act of 1987. Home financing firms began giving loans with varying interest rates to clients, which should also not infringe NHB guidelines. This enables people to realise their ambition of owning a home in which to reside.

• CHARGES APPLICABLE TO AVAIL HOME LOANS: -

1. Processing fees: -

First and foremost, there is the processing cost. This is a fee paid by the majority of home financing institutions or banks. It is generally paid when the application form is filed and is a percentage of the sanctioned loan amount. Some home loan financial companies charge a flat fee based on the loan amount rather than a percentage. When a lower amount is sanctioned, the costs paid in excess are adjusted at the time of application submission with the charges, which one makes to the financial institutions. Most financial institutions will reimburse the processing charge if the loan application is rejected.

2. Administrative fees: -

The administrative fee is a percentage of the authorised loan amount. This payment is collected by housing finance institutions/banks during the loan's duration for the purposes of giving interest certificates, maintaining customer data, technical and legal charges, and so on. This charge is paid by the consumer after getting an offer letter from a housing financing institution/bank. This payment is made prior to the release of the payout amount.

3. Rate of interest: -

The interest rate is levied on the principal monthly in a diminishing way during the loan's term. Most housing financing institutions/banks offer customers the option of choosing between a fixed and variable interest rate.

4. Legal Charges: -

Some housing financing institutions/banks, primarily public sector banks, levy legal fees on their panel of lawyers in order to have the property paperwork reviewed.

5. Technical Charges: -

Certain Housing Finance Institutions/Banks assess technical charges to cover their costs for visiting the customer's property to ensure the quality of construction and in accordance with the standards of the respective approving body.

OBJECTIVE OF THIS STUDY

- To study the satisfaction level of customers regarding home loans provided by HFFC.
- To study the problems faced by customers in obtaining the home loans.
- To evaluate home loan schemes of Housing finance company.
- To study the difficulties faced during the repayment of loans.
- To know about customers response regarding the home loans.
- To have the first-hand information on home loan products, sanctioning and disbursement in HFFC.

SCOPE OF THE STUDY:

The primary goal of the study is to comprehend the various factors concerning home loans that will be collected, the impact of bank rating and customer satisfaction on loan repayment, and how it can be used

to select target customers and improve the institution's banking function.

Interest rate choices must be investigated, as well as client awareness of the interest charged.

The study was limited to Housing Finance Company customers in Raipur/Bhilai.

Loan application procedures must be researched in order to comprehend the issues encountered by clients. The structure of the Housing Finance Company will be reviewed, which will aid in understanding the employees involved in the house loan sanctioning system.

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Customer feedback on customer satisfaction must be collected in order for the financial institution to segment the target clients and implement a good marketing plan in order to increase home loan growth.

LIMITATIONS

- This study is limited only to the Raipur/Bhilai region.
- The sample taken for the study is limited only 102 sample data out of 2000+ data in data base.
- Findings may vary if the area of study is changed.
- The study is done only about the customers perception towards getting a home loan at home finance company and not a general description about the overall Home finance Industry.
- Some of the respondents might have been biased in their responses.
- Due to unavailability of physical branch in Bhilai city, there is lack of cooperation from customers.
- Respondents may not give clear cut data.

II. LITERATURE REVIEW

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III. RESEARCH METHODOLOGY

A research technique is a method for solving a research problem in a methodical manner. It is the scientific process of carrying out study.The procedure for gathering information and data in order to make business decisions.

It is the science of determining how to do research. Research technique refers to the processes by which researchers go about their work of describing, understanding, and predicting occurrences.

It is also characterised as the study of ways for acquiring knowledge.

The validity of research data is a crucial component in research technique.

IV. 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 an 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 maximum information with minimal expenditure of effort, time and money.

1. Qualitative Phase:

The qualitative phase involves conducting focus group sessions with HFFC Customers. This phase aims to gain in-depth insights into their perceptions, experiences, and satisfaction levels. The focus groups will be facilitated by a skilled moderator who guides the discussions using a pre-defined set of open-ended questions. The focus group sessions will explore various aspects of customer satisfaction, including service quality, customer service experiences, pricing, service options, and overall perceptions towards HFFC. The qualitative phase provides rich and detailed qualitative data, allowing for a nuanced understanding of customer satisfaction.

2. Quantitative Phase:

The quantitative phase involves the administration of a survey questionnaire to a larger sample of HFFC customers. The survey questionnaire will be designed based on the themes and insights gathered from the qualitative phase. It will consist of closed-ended questions and rating scales to quantify anchor's satisfaction levels, preferences, and demographic information. The survey questionnaire will be administered using appropriate methods, such as online surveys or paper-based surveys. The quantitative phase provides statistical data that can be analyzed to measure the overall satisfaction levels, identify trends, and examine relationships between variables.

The research design outlined above combines qualitative and quantitative approaches to

comprehensively explore anchor satisfaction towards HFFC. This mixed-methods design allows for a more robust and holistic understanding of customer perceptions and experiences providing valuable insights to for enhancing satisfaction level and improving the overall experience of customers at HFFC.

DATA

QUANTITATIVE RESEARCH

For Quantitative research purpose both primary and secondary data have been used. Primary data was used to collect information about the perception of customers about the factors affecting customer satisfaction. For this purpose, Questionnaires were formed and circulated and for which 102 responses were received.

Secondary data was also used for the research purpose. Secondary data was used to understand the concept of customer satisfaction and the factors that influence customer satisfaction. Focus group sessions will be conducted as the primary data collection method for this study.

QUALITATIVE RESEARCH:

Focus Group Sessions: The sessions will involve bringing together a group of HomeFirst Finance customers who meet the defined selection criteria. A moderator will facilitate the discussions and guide participants through the topics related to customer satisfaction at HFFC. The focus group sessions will provide a platform for participants to express their opinions, share their experiences, and engage in interactive discussions.

Purposive Sampling: Initially, participants for the focus group sessions will be selected using purposive sampling. This sampling technique allows for the intentional selection of participants who meet specific criteria, such as being HFFC customers for a certain period, representing different age groups, geographic locations, and usage patterns. This ensures a diverse range of perspectives and experiences.

SAMPLE SIZE

FOR QUANTITATIVE STUDY: Sample size is the subset of the population on which the research is being

conducted. For research purposes 102 sample sizes were taken. The nature of samples was customers of the company. Convenience sampling method was used to collect the data from the sample. A structured questionnaire with is developed as an instrument for this study. Attributes are measured by responses on a 5-point rating Likert scale, where rating 1 would mean Totally Disagree and rating 5 would mean Totally Agree. It also include : Multiple choice Questions, Open/Close ended questions.

FOR QUALITATIVE STUDY:

In the case of customer satisfaction at HomeFirst, a reasonable sample size for each focus group was around 8 to 10 participants. This size allows for a diverse range of perspectives and ensures adequate participation and interaction among the participants during the discussion. The focus group includes existing customers of the company for this study.

CONCLUSION

Home First Finance Company India Ltd. is good reputation in Home loan market. The success factor of HFFC is hard work, discipline, co-operative structure of its employees and it help to the company to achieve customer satisfaction level. The company also maintains good relationship with its customers.

According to the study, different demographic factors such as age, gender, annual income and no. of dependents have a significant impact on consumer perception towards homeloan. This study attempts to find out the consumer perception towards home loans in Homefirst Finance Company in Raipur/Bhilai area and the problems faced by the consumers while availing home loans.

The customers are satisfied with the service though they don't have knowledge about the same. The perception of the customers is positive. The study showcases 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 the desire to acquire the demand forces a customer to take a service. Though the study have some limitations it was a small attempt to know the view of customers towards house loan.

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