

“A Study On Customer Satisfaction Towards Home Loan In HDFC Bank In Surat City.”

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ABSTRACT

The banking sector in India stands out as one of the most mature, deeply entrenched, and focused markets. It serves as a vital income generator within the economy, channeling substantial funds to regulate, stabilize, and bolster economic activities. Banks play a crucial role in augmenting household incomes and managing expenditures. Retail banking, driven by a commitment to revenue generation, cost reduction, interest rate regulation, and enhanced profitability, has firmly prioritized customer satisfaction. The primary aim of this assessment is to closely examine the level of satisfaction among borrowers from HDFC Bank.

Key words: Hoam loan, Customer Satisfaction.

INTRODUCTION

The banking sector in India is undergoing significant transformations and advancements in its offerings of products and services. However, managing, maintaining, and processing records remains a persistent challenge with inherent deficiencies. Changes in the fiscal landscape, including aspects such as cash flow management, insurance, financial markets, trade, and valuation taxation, play a vital role in upholding the foundational elements of the Indian economy. These transformative measures are recognized as pivotal progress within this crucial segment of the Indian economy.

Real estate and housing collectively contribute 6.8% to India's GDP, experiencing a growth rate of 32.36% in 2014-15. The real estate services sector has consistently shown impressive growth, averaging over 31% since 2005-06 and achieving 32.3% growth in 2014-15. Housing, being a fundamental human need, stands as the second-largest source of employment, following agriculture. Its activities create both direct and indirect impacts across approximately 450 sub-sectors, including manufacturing (such as steel, cement, and builders' hardware), transportation, utilities (electricity, gas, and water supply), trade, financial services, and construction, thereby contributing to capital formation, income opportunities, and job creation.

In 2012-13, there was a beginning of moderation in property prices. According to the National Housing Bank (NHB) RESIDEX index for the July-September 2014 quarter compared to April-June 2014 (based on 20 cities with 2011 as the base year), there was a general decrease in residential property prices in some smaller towns (Tier-II & III cities), while prices witnessed a marginal increase in certain other cities.

LITERATURE REVIEW

Luasha, Edmund (2009) examined the factors hindering the repayment of monetary credits in business savings, supported by evidence from the National Micro Finance Bank (NMB). The findings indicate a low rate of loan repayment, with borrowers failing to adhere to conditions outlined in loan agreements by delaying loan payments. Additionally, the study reveals that credit defaults were attributed to poor business performance, high interest rates, intentional deception by clients regarding the loan, and ineffective loan management.

Lee (2002) identified the purpose of purchasing real estate as a key determinant of default risk. If borrowers purchase new homes for personal investment rather than owner-occupied housing, they shift some risk to

financial institutions by making smaller upfront payments and minimizing their initial equity commitment. Consequently, in instances of significant drops in property market prices or deteriorating financial performance, property is often abandoned by owners, thereby limiting their losses.

Getter (2003) supported these findings by utilizing the 1998 Survey of Consumer Accounts to demonstrate that borrowers utilize other non-housing financial resources to make payments during unforeseen periods of financial strain. Other studies have also found that credit scores, concurrent economic conditions, and the incentive structure of lenders can all influence default rates (Baku and Smith 1998, Calem and Wachter 1999, Ambrose and Capone 2000).

MATERIALS AND METHODS

OBJECTIVES

- The major objective of this paper is to know the level of satisfaction of customer toward home loans of HDFC housing development finance corporation ltd bank.
- To study the impact of extracted factors on customer satisfaction towards home loans.
- To get the idea of customers about home loan products and services.
- To find out which facilities influence customers the most while selecting a bank.
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RESEARCH METHODOLOGY

The data for this study is gathered from both primary and secondary sources. Primary data is obtained through structured questionnaires administered to respondents. Secondary data is sourced from organizational records, newspapers, magazines, management books, company databases, and the company's website. For the questionnaire, a sample size of 200 customers of HDFC Ltd is selected using non-probability convenient sampling. The sampling frame includes all customers of HDFC bank. The sampling elements consist of customers of HDFC bank. The survey is conducted through personal survey method, reaching out to home loan customers. Structured questionnaires are utilized as the survey tool. In terms of data analysis, various techniques will be employed including graphs, pie charts, line graphs, and percentages to analyze the data collected through the questionnaires.

DATA ANALYSIS

1. Factors considers while taking HDFC Home loan:

Factors	Percentage Respondent
Interest rates	12%
Payback period	25%
Service provided	23%
Repayment	20%
All of above	20%

2. Problems faced while taking HDFC home loans

Problems	Percentage Respondent
Lack of knowledge	21%
KYC	10%
Not refundable	9%
Procedure delay & non corporation	3%
Documentation	13%

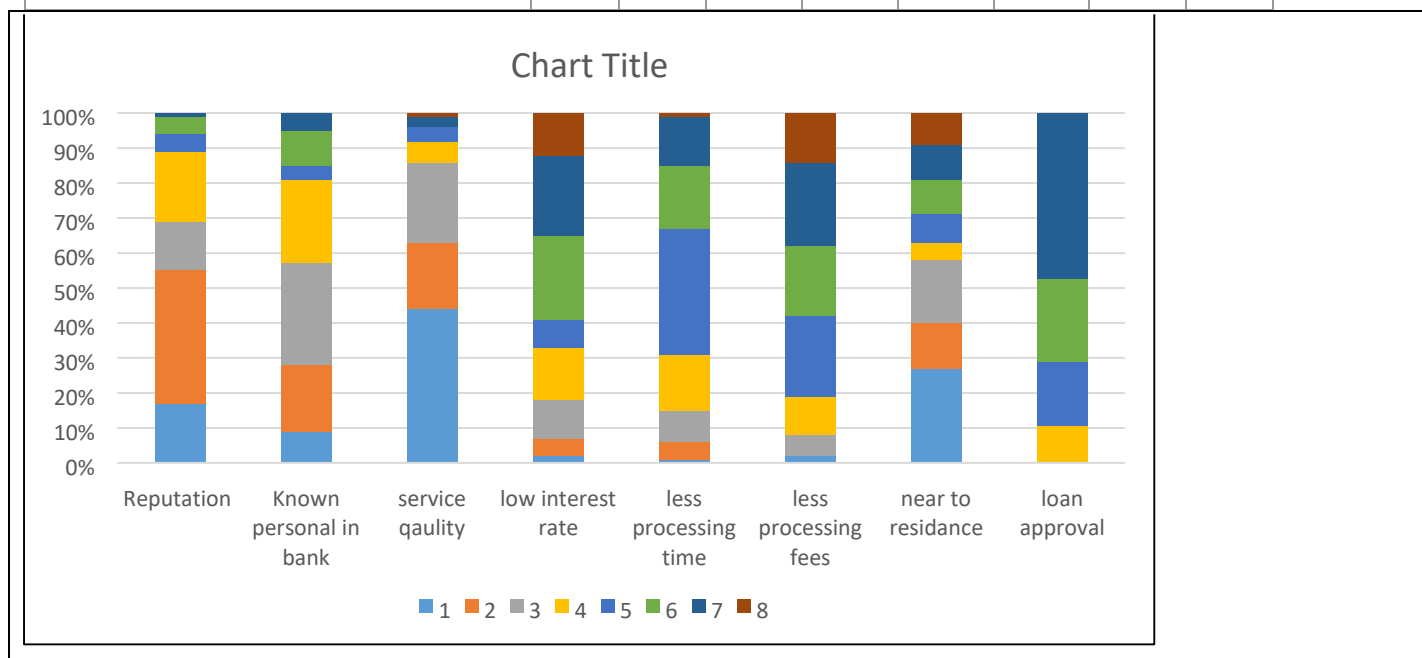
Down payment	22%
None of above	22%

3. Reason for applying/ choosing HDFC home loan.

Rank the factors from 1 – 8 in the order.

(1= highest rank to 8= lowest rank)

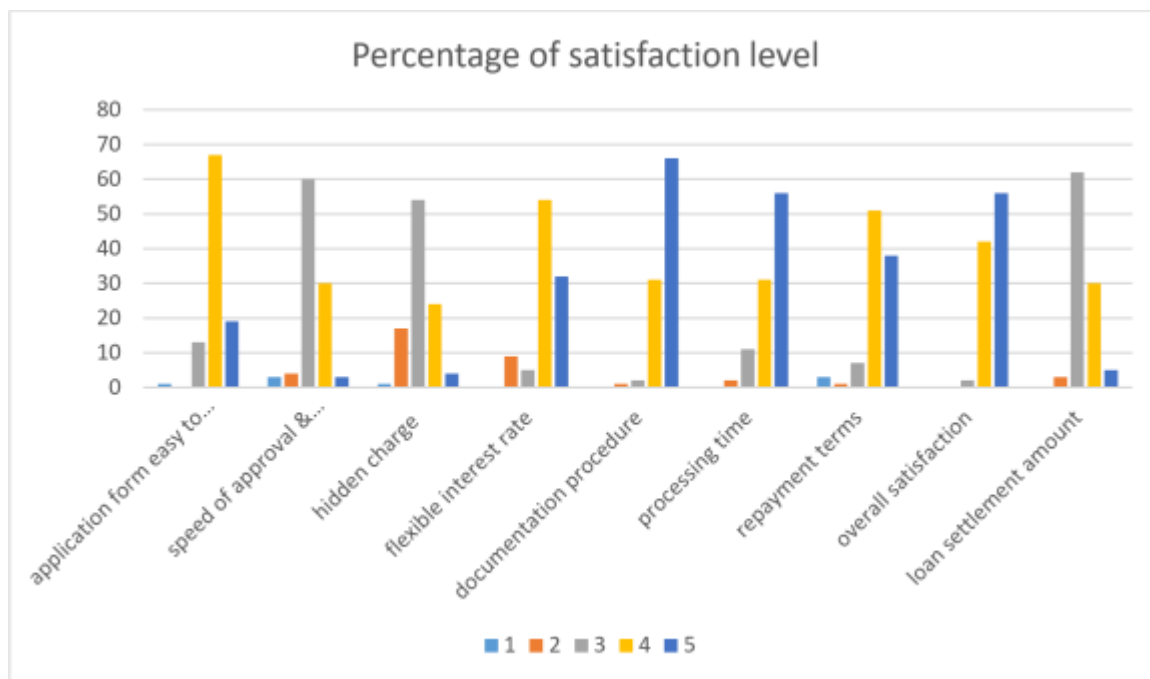
Reason	Rank							
	1	2	3	4	5	6	7	8
Reputation	17%	38%	14%	20%	5%	5%	1%	-
Known personal in bank	9%	19%	29%	24%	4%	10%	5%	-
Service quality	44%	19%	23%	6%	4%	-	3%	1%
Low interest rate	2%	5%	11%	15%	8%	24%	23%	12%
Less processing time	1%	5%	9%	16%	36%	18%	14%	1%
Less processing fees	2%	-	6%	11%	23%	20%	24%	14%
Near to residence	27%	13%	18%	5%	8%	10%	10%	9%
Loan approval	-	-	-	4%	7%	9%	18%	62%



4. Satisfaction level at HDFC bank Home Loan

Factors	1	2	3	4	5
Application form easy to understand	1%	0	13%	67%	19%
Speed of approval & immediate payout	3%	4%	60%	30%	3%
Hidden charge	1%	17%	54%	24%	4%
Flexible interest rate	0	9%	5%	54%	32%
Documentation procedure	0	1%	2%	31%	66%
Processing time	0	2%	11%	31%	56%
Repayment terms	3%	1%	7%	51%	38%
Overall satisfaction	0	0	2%	42%	56%

Loan settlement amount	0	3%	62%	30%	5%
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FINDINGS

The data illustrates the tenure distribution of respondents within HDFC Bank, revealing that nearly half (49%) have been associated with the bank for less than 3 years, indicating a substantial proportion of relatively recent affiliations. Additionally, 19% have a tenure of less than 2 years, followed by 17% for less than 1 year, and 15% for less than 6 months. This distribution suggests a declining trend in the percentage of respondents as the duration of association increases, with a notable portion having relatively short tenures with HDFC Bank.

The data reveals the distribution of home loan types among respondents. The majority (39%) have taken loans for home purchase, followed by home improvement loans and balance transfer home loans, each constituting 11%. Home expansion loans and stamp duty loans each represent 11% of respondents, while loans for home conversion and bridge loans account for 7% and 3%, respectively. Pradhan Mantri Awas Yojana and NRI home loans are less common, with 2% each. Interestingly, only 4% of respondents have taken loans for purchasing land, and an equal percentage have availed loans for construction of homes. Overall, the data indicates a diverse range of home loan types chosen by respondents, with a significant focus on loans for home purchase.

As per the research conduct 8% customers have took loan amount is 1 – 5 lakh, 57% customers have took 5 – 15 lakh, 32% customers have took 15 – 25 lakh, and 3% customers have took more than 25 lakh loan amount. Since most of the customers have took 5 – 15 lakh loan amount. As per the research conduct 8% customers time limit will be required to repay the loan amount is 5 – 10 years, 57% customers time limit is 10 – 12 years, 32% customers time limit will be required to repay the loan amount is 12 – 15 years and 3% customers time limit will be required to repay the loan amount more than 15 years. Since most of the customers will be required to repay the loan amount time limit is 10-12 years. Research conduct reveals that 23% customers reason for taking home loan is home renovation, 9% customers are taking home loan is desire for home, 50% customers are taking home loan for home purchase and 18% customers are taking home loan for land purchase. Since most of the customers reason for taking home loan is home purchase.

As per the research conduct customers did face problems taking home loan, 21% customers face problems of lack of knowledge, 10% customers face KYC problem, 9% customers face not refundable problem, 3% customers face procedure delay and non-corporation, 13% customers face process of documentation, 22%

customers face down payment and 22% customers did not face any problems taking have loans. Most of the customers face problems of down payment and lack of knowledge.

As per the research conduct most of the customers gave rank 2 for HDFC reputation known personal in bank most of the customers gave rank 3. Service quality of HDFC most of the customers gave rank 1. Most of the customers gave rank 6 for low interest rate. Most of customers gave rank 5 in less processing time, most of the customers gave rank 7 in less processing fees, most of the customers gave rank 1 for near to residence and most of the customers gave rank of loan approval.

As per the research conduct 67% customers are satisfied for application form easy to understand, 60% customers are neutral for speed of approval and immediate payout, 54% customers are satisfied for flexible interest rate of HDFC home loan, 66% customers are highly satisfied for documentation procedure of home loan, 56% customers are highly satisfied of processing time, 51% customer are satisfied for repayment terms, 56% customers are highly satisfied for overall bank services 62% customers are neutral for loan settlement amount. Since most of the customers are highly satisfied of HDFC home loan services.

The data reveals various factors that attract individuals when considering taking a loan. Notably, the payback period holds the highest appeal, with 25% of respondents indicating its significance. Following closely behind is the service provided by the lending institution, which attracts 23% of respondents. Interest rates also play a significant role, appealing to 12% of respondents. Additionally, repayment terms are considered important by 20% of respondents. Interestingly, 20% of respondents are attracted to all of the factors mentioned above, suggesting a comprehensive approach to decision-making. Overall, the findings underscore the multifaceted considerations individuals weigh when opting for a loan, emphasizing the importance of factors such as payback period, service quality, interest rates, and repayment terms in their decision-making process.

CONCLUSION

The data analysis highlights several key insights regarding HDFC Bank's home loan offerings and customer preferences. A significant portion of respondents, notably 49%, have relatively short tenures with the bank, indicating a trend towards recent affiliations. Home purchase emerges as the primary reason for taking loans, with 50% of customers opting for it, while the majority prefer loan amounts ranging from 5 to 15 lakhs and a repayment period of 10-12 years. Challenges faced by customers include lack of knowledge and down payment issues. Despite this, HDFC Bank's service quality receives high praise, with customers highly satisfied with documentation procedures and overall services. Notably, factors like payback period, service quality, interest rates, and repayment terms strongly influence customer decision-making, reflecting a comprehensive approach. These findings underscore the importance of understanding diverse customer needs and preferences in tailoring loan offerings and services effectively.

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