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A Study on Customer Satisfaction Towards Housing Loans Provided by Public Sector Banks in Tiruchirappalli City

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Abstract:

The study was conducted from the study on customer perceptive on housing loan provided by public sector banks in Tiruchirappalli. The sample size was collected from 150 respondents in the study area. As the real estate landscape evolves, housing loans stand as a cornerstone in the realization of homeownership dreams. This abstract encapsulates a research endeavour aimed at unravelling the intricate tapestry of customer perceptions surrounding housing loans extended by banks. Understanding these perspectives is paramount for financial institutions, influencing strategic decisions, service enhancements, and fostering lasting connections with their clientele.

Keywords — Customer Satisfaction, Housing Loan, Public Sector Banks

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I.INTRODUCTION

Securing a home is a significant life milestone for individuals and families, often made possible through housing loans provided by banks. In this dynamic financial landscape, the success of banks in catering to the diverse needs and expectations of customers depends largely on their ability to understand and respond to customer perspectives. This study aims to delve into the nuanced world of customer perceptions regarding housing loans offered by banks, examining various factors that influence these perspectives and shaping the overall customer experience. The findings of this study are anticipated to offer valuable insights for banks to refine their housing loan services, aligning them more closely with customer expectations. By comprehensively understanding customer perspectives, banks can tailor their strategies, streamline processes, and ultimately foster a positive and enduring relationship with their clientele. As we embark on this exploration of customer perceptions towards housing loans, the goal is to contribute to the ongoing dialogue between financial institutions and their customers, paving the way for improved housing loan services and enhanced customer satisfaction.

Customer Perspective: Customer perspective refers to an approach that examines a company from the viewpoint of the individuals who purchase and utilize its products and services. This viewpoint considers organizations' client base, which is crucial to financial success and product sales.

Housing loan: A home loan is a secured loan that is obtained to purchase a property by offering it as collateral. Home loans offer high-value funding at economical interest rates and for long tenures. They are repaid through EMIs. After repayment, the property's title is transferred back to the borrower.

II.REVIW OF LITURATURE

Mrs. S Dharchana "A Study on Customers Perception towards House Loan" 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. Good housing is important for human development

and welfare. It provides shelter, security, amenities and privacy to human beings. To attract customers bank provide home loans at cheaper rate. The more information the customer have about a product or service, the more comfortable they are while buying the product. Positive customer perception is an invaluable tool in marketing. Customers are the Kings of any business. It is an important key to success. This study takes into account the choice of the customer, reasons, problems and knowledge about house loan.

Amruthamol (2021) "A Study on Consumer Perception towards Home Loans in HDFC Bank" Home loans came into widespread use in the United States in the boom years of the late 1800s. Since the average person usually cannot afford to pay cash for something as expensive as a home, lenders began offering loans for the difference between the purchase price of a home and the cash down payment supplied by the buyer. These loans were interest-only loans of between five and 10 years that were due in full at the end of the loan term. Homeowners would refinance the loan at the end of each term or save up enough cash to pay off the loan in the meantime. The Great Depression and its resulting foreclosures demanded a move to the modern amortized mortgage, which configures payments into both principal and interest portions. These 15- to 30-year loans pay off the home by the end of the loan term.

Mrs. M. Soundarya (2019) "Customer Perception towards Home Loan Borrowers of Selected Public Sector Banks in Sivagangai District" Housing is a primary human need next in importance to food and clothing; this takes precedence over other household expenditure and routine needs. Government gave encouragement for housing finance subsidiary by offering number of tax concession to individual and with other overall encouragement given to these sector number of players entered in housing finance. Home loan is considered as retail banking. Now days both the financial institutions and non-financial institutions are providing home loan. The researcher has taken sample size of the customers is 130 in devakottai taluk of selected public sector banks. In this article convenience sampling method has been used for the selection of customers. The tools used for the research paper is percentage analysis, chi-square, Annova and correlation. In this paper, the researcher focuses the customer's perception towards home loan in selected public sector banks in sivagangai district.

III.OBJECTIVES OF THE STUDY

1. To study identify the most important factors causing pre-payment of housing loan by the customers.
2. To study the customer perceptive towards provide by housing loans from public sector banks.
3. To study the problems faced by customers while obtaining housing loans.

IV.SCOPE OF THE STUDY

The study focuses on the customer perceptive relating to the areas of customer satisfaction in the housing loan provide by the public sector banks. In the current scenario the housing finance business becomes the behavior of the customer will give an insight to housing loan provide from the banks from public sectors.

V. RESEARCH METHODOLOGY
Data Source
Primary Data: The primary Data was collected by using Structured Questionnaire
Secondary Data: The Secondary data was collected from books, published journal, newspaper, bank websites etc.
Study Area: The study area is Tiruchirappalli
Sampling Design: The sampling method namely **"Satisfied disproportionate Random sampling"**
Sample Size: The sample size select 120 respondents in the study.
Statistical Tools Used: The collected data were edited and analyzed using software package for social science (SPSS). Frequency Table, Chi-Square Test, one way ANOVA

V.LIMITATIONS OF THE STUDY
The following are the main limitations of study
1. The study only concentrates on the customers of select public sector banks.

2. The housing loans provide by public sector banks select from five banks

VI.DATA ANALYSIS AND INTERPRETION
FREQUENCY TABLE
Table – 1
DEMOGRAPHIC PROFILE OF THE CUSTOMER

Particulars	No. of Respondents	Percentage
GENDER		
Male	86	57.3
Female	63	42.0
Total	**150**	**100**
AGE		
Below 30	20	13.3
30-40	44	29.3
41-50	40	26.7
Above 50	45	30.0
Total	**150**	**100**
EDUCATIONAL QUALIFICATION		
UG	24	16.0
PG	07	4.7
Professional	45	30.0
Other Qualification	73	48.7
Total	**150**	**100**
OCCUPATION		
Private Employee	33	22.0
Govt. Employee	09	6.0
Agriculture	68	45.3
Business	08	5.3
Others	31	20.7
Total	**150**	**100**
MARITAL STATUS		
Married	92	61.3
Un - Married	57	38.0
Total	**150**	**100**

Source: Primary Data
Inference:

The table shows that the demographic factors in the 86 percent of the respondents were male category and 63 percent of the respondents were female category.

✓ *Majority of the respondents i.e. demographic factors include from the housing loan in the 63 percent of the respondents were female category.*

The table revels that the customers were aged from 20 percent of the respondents were below 30 and 44 percent of the respondents were 30-40 years of age people and 40 percent of the respondents were 41- 50 years of age people and 45 percent of the respondents were above 50years of age group.

✓ *45 percent of the respondents belongs to the above 50yeares of age people.*

The table shows that the qualification of the customer in the 24 percent of the respondent were qualified from UG degree and 7 percent of the respondents were qualified from UG degree and 45 percent of the respondents were other qulifieaition.

✓ *73 percent of the respondents belongs to the qualified from other qualification*.

The table reveals that the occupation of the customers in the 33 percent of the respondents were occupation from Private employee and 9 percent of the respondents were govt. employee and 68 percent of the respondents were agriculture and 8 percent of the respondents were business and 31 percent of the respondents were others**.**

✓ *Majority of the respondents were in the occupation of the peoples from agriculture.*

The table shows that the marital status of the customer in the 92 percent of the respondents were Married people and 57 percent of the respondents were people from Un- Married.

✓ *92 percent of the respondents were married people.*

Table - 2
CUSTOMERS PERCEPTIVE ON HOUSING LOAN PROVIDED BY THE BANKS

MODE OF PAYMENT		
Cheque	77	51.3
DD	64	42.7
Others	08	5.3
Total	**150**	**100**
RATE OF INTEREST		
6.5 to 8.5	115	76.7
8.6 to 10	25	16.7
10.1 to and Above	09	6.0
Total	**150**	**100**
PURPOSE OF THE LOAN		
Construct new house	64	42.7
Repair old house	24	16.0
Purchase of land	61	40.7
Total	**150**	**100**
HOUSING LOAN PROVIDE THE PUBLIC SECTOR BANKS		
Indian Overseas Bank	56	37.3
Canara Bank	24	16.0
Indian Bank	23	15.3

SBI (State Bank of India)	44	29.3
Bank of Baroda	02	1.3
Total	**150**	**100**

Source: Primary Data

Inference:

The table shows that the rate of interest in the housing loan from 115 percent of the respondents were 6.5 to 8.5 rate of interest in the housing loan and 25 percent of the respondents were 8.6 to 10 percent rate of interest housing loan and 09 percent of the respondents were 10.1 to and above rate of interest.

✓ *115 percent of the respondents were rate of interest belongs to 6.5 to 8.5 interest from housing loan*.

The table shows that the purpose of the loan in the 64 percent of the respondents were construct new house and 24 percent of the respondents were repair old house and 61 percent of the respondents were purchase of land.

✓ *Majority of the respondent were purpose of the housing loan in the construct of new house.*

The table revels that the housing loan provide the public sector banks in the 56 percent of the respondents were IOB and 24 percent of the respondents were Canara Bank and 23 percent of the respondents were Indian Bank and 44 percent of the respondents were SBI and 2 percent of the respondents were Bank of Baroda.

✓ *56 percent of the respondents were provide the housing loan from banks in the IOB.*

Table - 3
FACTORS INFLUENCING CUSTOMER PERCEPTIVE PROVIDE BY HOUSING LOAN IN PUBLIC SECTOR BANKS

CUSTOMER PERCEPTIVE	F/P	FACTORS					
		SA	A	M	DA	SDA	Total
Lack of Knowledge	F	15	15	15	30	75	**150**
	P	10	10	10	20	50	100
Red –Tapism	F	27	27	14	41	41	**150**
	P	18	18	09	27	27	100
Processing Charge by banks	F	46	57	01	44	01	**150**
	P	30	38	07	29	07	100
Promotional Schemes	F	44	57	01	46	01	**150**
	P	29	38	07	30	07	100
Document Charge	F	31	31	23	62	02	**150**
	P	20.7	20.7	15.3	41.3	1.3	100
Repayment Period	F	35	20	39	54	01	**150**
	P	23.3	13.3	26.3	36.0	07	100

Source: Primary Data

Inference

The table shows that the factors influenced customer perceptive by housing loan public sector bank in the 15 percent of the respondents were lack of knowledge and 30 percent of the respondents were customer influenced from the dis Agree in the housing loan. 41 percent of the respondents were red tapism and 27 percent of the respondents were processing charge by the banks and 44 percent of the respondents were promotional schemes and 62 percent of the respondents were choose the banks in the document charge and 35 percent of the respondents were repayment of period of housing loan.

✓ *62 percent of the respondents were choose the banks in the document charge*

CHI –SQUARE TEST
Table - 4
ASSOCIATION BETWEEN FACTORS INFLUENCING CUSTOMER PERSPECTIVE PROVIDE BY HOUSING LOANS

Factors	SA	A	MOD	DA	SDA	Total
Lack of Knowledge	6 (4.53) [0.47]	8 (7.20) [0.09]	8 (8.53) [0.03]	8 (8.00) [0.00]	10 (11.73) [0.26]	40
Red Tapisim	2 (3.06) [0.37]	2 (4.86) [1.68]	6 (5.76) [0.01]	5 (5.40) [0.03]	12 (7.92) [2.10]	27
Processing Charge by the banks	5 (3.29) [0.89]	2 (5.22) [1.99]	5 (6.19) [0.23]	12 (5.80) [6.63]	5 (8.51) [1.45]	29
Document Charge	2 (3.06) [0.37]	10 (4.86) [5.44]	8 (5.76) [0.87]	2 (5.40) [2.14]	5 (7.92) [1.08]	27
Repayment Period	2 (3.06) [0.37]	5 (4.86) [0.00]	5 (5.76) [0.10]	3 (5.40) [1.07]	12 (7.92) [2.10]	27
Total	**17**	**27**	**32**	**30**	**44**	**150**
The chi-square statistic is	29.7564.					
The *p*-value is	.019307.					
The result is	Significant at *p* < .05.					

Source: Primary Data   Note: Denotes Row Total and Colum Total

Inference:

The chi-square statistic measures the difference between observed and expected frequencies. A larger chi-square value indicates a greater discrepancy between observed and expected values. The p-value of 0.019307 is less than the significance level of 0.05, indicating that the observed distribution of satisfaction levels across different factors is unlikely to have occurred by chance alone. The result is stated as "Significant at p < 0.05," which means there is sufficient

evidence to reject the null hypothesis that there is no association between factors and satisfaction levels. In practical terms, this implies that there is a significant relationship between the factors (Lack of Knowledge, Red Tapeism, Processing Charge by the banks, Document Charge, Repayment Period) and the levels of satisfaction among respondents.

✓ *In summary, based on the information provided, there is evidence to suggest a significant association between the factors listed and the levels of satisfaction among the respondents. The observed distribution of satisfaction levels across different factors is unlikely to be due to random chance. Further investigation may be warranted to explore the specific relationships between individual factors and satisfaction levels.*

Table – 5
ASSOCIATION BETWEEN FACTOR INFLUENCED BY HOUSING LOAN AND BANKS

BANKS	SA	A	MOD	DA	SDA	Total
Indian Overseas Bank	15 (5.41) [16.98]	2 (5.04) [1.83]	3 (3.92) [0.22]	5 (6.16) [0.22]	3 (7.47) [2.67]	28
Canara Bank	2 (4.45) [1.35]	4 (4.14) [0.00]	5 (3.22) [0.98]	4 (5.06) [0.22]	8 (6.13) [0.57]	23
Indian Bank	5 (5.80) [0.11]	12 (5.40) [8.07]	5 (4.20) [0.15]	6 (6.60) [0.05]	2 (8.00) [4.50]	30
State Bank of India	4 (8.31) [2.24]	3 (7.74) [2.90]	6 (6.02) [0.00]	15 (9.46) [3.24]	15 (11.47) [1.09]	43
Bank of Baroda	3 (5.03) [0.82]	6 (4.68) [0.37]	2 (3.64) [0.74]	3 (5.72) [1.29]	12 (6.93) [3.70]	26
Total	29	27	21	33	40	150

The chi-square statistic is 54.3247.
The *p*-value is < 0.00001.
The result is Significant at *p* < .05.

Source: Primary Data   Note: Denotes Row Total and Colum Total

Inference:

The data is organized in a table with rows representing different banks and columns representing levels of satisfaction (SA, A, MOD, DA, SDA). The numbers in parentheses appear to be the observed frequencies for each combination of bank and satisfaction level. The values in square brackets seem to represent expected frequencies. The chi-square statistic is reported as 54.3247. The p-value is stated to be less than 0.00001, indicating a very low probability. The chi-square statistic measures the difference between observed and expected frequencies. A larger chi-square value

indicates a greater discrepancy between observed and expected values. The extremely low p-value (< 0.00001) suggests that the observed distribution of satisfaction levels across the banks is unlikely to have occurred by chance.

✓ *The result is stated as "Significant at p < 0.05," which means there is sufficient evidence to reject the null hypothesis that there is no association between banks and satisfaction levels. In practical terms, this implies that there is a significant relationship between the choice of banks and the levels of satisfaction among customers.*

Table – 6
ASSOCIATION BETWEEN THE FACTORS INFLUENCING HOUSING LOANS PROVIDE BY THE BANKS

	Factors Influencing Housing Loan Provide By Public Sector Banks					
	SA	A	MOD	DA	SDA	Total
N	5	5	5	5	5	25
∑X	40	27	29	27	35	158
Mean	8	5.4	5.8	5.4	7	6.32
∑X²	328	213	223	197	303	1264
Std. Dev.	1.4142	4.0988	3.7014	3.5777	3.8079	3.3257
Result Details						
Source	SS	df	MS			
Between-treatments	26.24	4	6.56	*F* = 0.5485		
Within-treatments	239.2	20	11.96			
Total	265.44	24				
The *f*-ratio value is The *p*-value is The result is	0.5485. .702237 *Not* significant at *p* < .05.					

Source: Primary Data

Inference:

Since the p-value (0.702237) is greater than the significance level (0.05), the result is not considered statistically significant. The F-ratio of 0.5485 suggests that the variation between the groups is not significantly different from the variation within the groups. Based on the provided information there is insuffiecnt evidence to reject the null hypothesis that there are no significant difference in the means of the factors influencing housing loans provide by the public sector banks.

✓ *It's important to note that the interpretation of statistical results depends on the chosen significance level (usually set at 0.05) and the*

specific context of the study. In this case, the conclusion is that the factors influencing housing loans do not show statistically significant differences across the five levels.

LINEAR REGRESSION

Table - 7

ANOVA Table					
	df	Sum of Squares(SS)	Mean Sum of Squares (MS)	F-Value	Probability (F-Value)
Regression	1	3636.0195	3636.0195	1.2561	0.4638
Residual	1	2894.6472	2894.6472		
Total	2	6530.6667			
Coefficients Table					
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-8.0910	60.1718	-0.1345	0.9149	-772.6458	756.4638
X Variable	1.1629	1.0376	1.1208	0.4638	-12.0210	14.3468

Regression Equation:	= -8.0910 + 1.1629
Correlation:	.7462
R Square:	0.5568
Standard Error:	53.8019
F-Value:	1.2561
Probability	(F-Value): 0.4638

Source: Primary Data

Inference:

The correlation coefficient **(R) equals 0.7462**. This means that there is a strong positive correlation between independent variable (X) and dependent variable (Y). The coefficient of determination **(R2) equals 0.5568**. This means that **55.6761%** of the variation in the dependent variable (Y) is explained by the independent variable (X) included in the regression model. Equals **1.1629.** This means that for every one unit increase in the independent variable (X), the dependent variable (Y) is expected to increase by **1.1629 units**. The **F-test (1, 1) equals 1.2561** and its **p-value is equal to 0.4638.** This indicates that the regression model is not statistically significant at **5% level of significance.**

✓ *In summary, based on the information provided, there is insufficient evidence to conclude that the regression model is statistically significant. The p-values for both the F-Value and individual coefficients*

suggest that the relationship between the variables is not significant at the 0.05 significance level.

VII. SUMMARY OF FINDINGS, SUGESSTIONS AND CONCLUSION

Findings

Findings from the frequency table

1. Majority of the respondents i.e. demographic factors include from the housing loan in the 63 percent of the respondents were female category.
2. 45 percent of the respondents belongs to the above 50yeares of age people.
3. 73 percent of the respondents belongs to the qualified from other qualification.
4. Majority of the respondents were in the occupation of the peoples from agriculture.
5. 92 percent of the respondents were married people.
6. 115 percent of the respondents were rate of interest belongs to 6.5 to 8.5 interest from housing loan.
7. Majority of the respondent were purpose of the housing loan in the construct of new house.
8. 56 percent of the respondents were provide the housing loan from banks in the IOB.
9. 62 percent of the respondents were choose the banks in the document charge

Findings from the Chi –Square Test

1. In summary, based on the information provided, there is evidence to suggest a significant association between the factors listed and the levels of satisfaction among the respondents. The observed distribution of satisfaction levels across different factors is unlikely to be due to random chance. Further investigation may be warranted to explore the specific relationships between individual factors and satisfaction levels.

2. The result is stated as "Significant at $p < 0.05$," which means there is sufficient evidence to reject the null hypothesis that there is no association between banks and satisfaction levels. In practical terms, this implies that there is a significant relationship between the choice of banks and the levels of satisfaction among customers.

Findings from the ANNOVA Table

It's important to note that the interpretation of statistical results depends on the chosen significance level (usually set at 0.05) and the specific context of the study. In this case, the conclusion is that the factors influencing housing loans do not show statistically significant differences across the five levels.

Findings form the Liner Regression

In summary, based on the information provided, there is insufficient evidence to conclude that the regression model is statistically significant. The p-values for both the F-Value and individual coefficients suggest that the relationship between the variables is not significant at the 0.05 significance level.

SUGGESTIONS

1. Provide clear and transparent information about interest rates, fees, terms, and conditions. Transparency builds trust and helps customers make informed decisions.
2. Simplify the home loan application process to reduce paperwork and streamline document verification. Use digital platforms to enable online applications and document submissions for convenience.
3. Offer competitive and flexible interest rates. Regularly review and adjust rates to remain competitive in the market and attract potential homebuyers.
4. Provide personalized customer service with dedicated relationship managers or advisors. Having a single point of contact can enhance the customer experience and address individual needs.
5. Create educational materials or workshops to help customers understand the home loan process, terminology, and financial implications. Informed customers are likely to feel more confident and satisfied.
6. Initiate periodic check-ins with customers to assess their satisfaction levels and address any evolving needs or concerns. Proactive communication can prevent potential issues.
7. Ensure accessibility through various channels, including phone, email, and in-person interactions. Being accessible and responsive builds trust and strengthens the customer-bank relationship.

Research Gap

By addressing these potential research gaps, a study can contribute to a more comprehensive and nuanced understanding of customer perceptions of housing loans, ultimately informing banks on areas of improvement and innovation. Many studies may generalize findings across diverse customer segments. There might be a research gap in understanding the unique perceptions of different demographic groups, such as millennials, Gen X, or seniors, who may have distinct preferences and needs.

1X. CONCLUSION

Through this exploration of customer perspectives on housing loans, the study aspires to contribute valuable insights to the ongoing dialogue between banks and customers. The goal is to catalyse positive changes in housing loan services, enhancing customer satisfaction and fortifying the foundation of trust between financial institutions and those aspiring to call a place "home." Anticipated outcomes include insights that will empower banks to refine housing loan services, aligning them more closely with customer expectations. By understanding customer perspectives comprehensively, financial institutions can tailor their strategies, streamline processes, and nurture positive, enduring relationships with their clientele.

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