



## CUSTOMER PERCEPTION TOWARDS HOME LOANS IN HDFC BANK - CHENNAI

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### Abstract

Over the last few decades the role of loan sector has undergone a paradigm shift. It is widely recognized as an important aspect of the source of loan for the people and considered it as a short and long-term investment. Every human being aspires to have his own house to live in. After food and clothing, housing is the third most important human requirement. On an average a person spends almost two-thirds of his life in a house which is his sanctuary in his old age. Adequate housing is therefore a fundamental need of human beings and an essential pre-requisite for physical, intellectual and mental development. Blessed are those who live in their own house and fortunate are those who have the money to buy one. But all are not privileged to buy a house of their own. For many such less privileged, buying a house has become possible in modern times through housing loans. This study attempts to find out the customer perception towards home loans of HDFC bank in Chennai and the problems faced by the customers while availing home loans in HDFC Bank.

**Key Words:** Home Loan, Interest Rates, Customer Perception, Employee Cooperation.

### INTRODUCTION

Many banks provide home loans whether commercial banks or financial institutions to the people who want to have a home. HDFC-(Housing Development And Finance Corporation) Home Loan, India have been serving the people for a round three decades and providing various housing loan according to their varied needs at attractive & reasonable interest rates. Owing to their wide network of financing, HDFC Housing Loans provides services at your doorstep and helps you find a home as per your requirements. Many banks are providing home loans at cheapest rate to attract consumers towards them. The more customer friendly attitude of these banks, currently offer to consumers cheapest loan over homes. In view of acute housing shortage in the country, and keeping in mind the social – economic role of commercial banks in the present times, the RBI advised banks to encourage the flow of credit for housing finance. The HDFC Bank and Standard chartered bank has become the first player in this sector to announce a housing loan for during the past years the housing sector helped by the growing housing finance industry has witnessed significant developments.

### REVIEW OF LITERATURE

Uma Shankar Mishra in her article entitled “Housing Loan Quality Attributes Affection Borrowers Satisfaction in Banking Sector of India”, explored structural equation model is formulated to indicate the impact of the relationship between borrowers’ satisfaction and loan attributes.

G.Visalatchi in her article entitled “A comparative study on the housing loan borrowers of public and private sector banks in Thoothukudi area”. Explored that three component service quality model and concluded that the survival and growth of a bank does not depend on the size of funds, rather it depends on its ability to provide qualitative to its borrowers on sustained basics.

### Housing Development Finance Corporation (HDFC)

“HDFC”–a household name that Indians proudly reckon with Housing Development Finance Corporation Limited (HDFC Ltd) was established in 1977 with the primary objective of meeting a social need was encouraging home ownership by providing long-term finance to households. Over the last three and a half decades, HDFC has turned the concept of finance for the growing middle class in India into a world –class enterprise with excellent reputation for professionalism, and impeccable service. HDFC of housing finance offers loan for construction and renovation of houses at the lowest interest rates.

### OBJECTIVES OF THE STUDY

- To study the satisfaction level of customers about home loans of HDFC Bank.
- To study the difficulties faced by customers while availing home loans in HDFC bank.

### RESEARCH METHODOLOGY

Sample selected for the study covers different areas of Chennai city .85 customers are selected on simple random sampling method. Primary and secondary data is used. A questionnaire with five point scale is used for data collection. In order to

make the sample representative, proper weightage has been assigned to the home loaners according to the number of customers of each branch. Analysis of the collected data is done with the help of skewness and mean. Garrentt Ranking conversion table is used for ranking the difficulties faced by customers' while availing home loan.

## ANALYSIS AND INTERPRETATION OF DATA

### General View of the Respondents Regarding Home Loans of HDFC Bank

**Table - 1. Reasons for Selecting HDFC Bank Home Loans**

REASONS	FREQUENCY	PERCENTAGE
Low Interest Rates	25	29
Convenient Location	15	18
Reputation of the Bank	10	12
Prompt Services	30	35
Timely & Adequate Loan	5	6
Total	85	100

Source: Primary source.

It is revealed from Table 1 that 30 percentage of the respondent's selection were prompt services of the bank followed by 25 percentages that preferred low interest rates. Further 10 percentage respondent's preferred convenient location and 5 percentages due to its good reputation in the city. Hence, from the above it is inferred that most of the respondents preferred HDFC because of its prompt services and low interest rates.

**Table – 2, Feature Influenced by Home Loaners**

FEATURE	FREQUENCY	PERCENTAGE
Less Paper Work	25	29.4
Simple & Fast Processing	30	35.2
Transparency	07	8.2
Longer Repayment Period	12	14.1
Easy repayable Installments	11	13.1
Total	85	100

Source: Primary probe.

From table 2 majority of respondents (30%) opinioned that the feature they like most about the bank is simple & fast processing followed by 25% who like less paper work. Further 12% & 11% of the respondents like longer repayment period and easy repayable installments. So further it is concluded that most liked feature is fast processing and less paper work.

**Table – 3, Influencing Factor for Selecting HDFC Bank**

FACTORS	FREQUENCY	PERCENTAGE
Friends/Relatives	20	24
Trust In The Bank	18	20
Bank Employees	10	12
Advertisements	37	44
Total	85	100

Source: Primary source.

Table 3 shows that 37% of respondents were influenced by advertisements and 20% by their friends and relatives followed by 18% who were self influence by their trust in the bank. The remaining 10% were motivated by the employees of the bank. Therefore it is inferred that large number of respondents were influenced by advertisement, friends and relatives for selecting HDFC bank home loan.

**Table - 4 Level of Satisfaction towards Services Offered by HDFC Bank**

VARIABLES	H.S	S	N	D	H.D	MEAN	SKEWNESS
Interest rates are comparatively lesser	5(9)	20(33)	14(23)	11(18)	10(17)	2.98	-0.347
Fast and efficient services of the bank	24(40)	31(52)	3(5)	2(3)	-	4.28	-0.388
Paper work	7(12)	15(25)	20(33)	10(17)	8(13)	3.05	-0.438
Bank employees cooperation	6(10)	8(13)	13(22)	23(38)	10(17)	2.62	-0.494
Repayment period	24(40)	32(53)	4(7)	-	-	4.33	-0.240
Professionals at HDFC assist and serve you with quick response.	12(20)	22(37)	15(25)	7(12)	4(6)	3.52	-0.798
Time taken for loan approval	8(13)	16(27)	16(27)	12(20)	8(13)	3.07	-0.432
Reliable and transparent services	15(25)	23(38)	10(17)	4(7)	8(13)	3.38	-0.853
Easy query handling	15(25)	30(50)	6(10)	7(12)	2(3)	3.82	-0.990

Source: Primary source

### SATISFACTION LEVEL OF CUSTOMERS TOWARDS HDFC BANK

#### 1. INTEREST RATES

The respondents opinion regarding the statement that interest rates of HDFC Bank are comparatively lesser than other bank has been presented in Table 4. The mean score 2.98 indicates that responses are concentrated towards satisfaction level. Negative value of skewness also supports that large number of respondents are satisfied with this statement.

#### 2. FAST AND EFFICIENT SERVICES

More than 52% if the respondents endorsed that the banks provide fast and efficient services to met the customer expectations. The negative value of skewness indicates that the distribution of respondents is highly skewed towards higher side of mean. From the above it is concluded that the bank is providing efficient services to its customers.

3. **PAPER WORK:** The respondent's opinion regarding the statement that whether paper work is time consuming shows that majority of the respondents were neither satisfied nor dissatisfied with the statement.

#### 4. COOPERATION OF BANK EMPLOYEES

The opinion of respondents is slightly skewed towards satisfaction with the cooperation of bank employees at HDFC bank.

#### 5. REPAYMENT PERIO

It is concluded that the respondents are satisfied with the repayment period of the bank under study.

#### 6. FRIENDLINESS OF STAFF

More than half (37%) of the respondents are either satisfied or highly satisfied with the assistance provided to them by employees of HDFC. Thus, the professionals of HDFC bank assist their customers satisfactorily.

#### 7. TIME TAKEN FOR LOAN APPROVAL

It is inferred from the above analysis that majority of the respondents are satisfied with the time taken by bank for loan approval.

#### 8. RELIABLE AND TRANSPARENT SERVICE

Table 4 exhibits that 38% of the respondents are satisfied with the reliability and transparency of the services of HDFC followed by 15% who are highly satisfied.

#### 9. EASY QUERY HANDLING

The respondents are satisfied with the fact that HDFC bank employees easily handle the query of the customers.

### DIFFICULTIES IN GETTING HOME LOANS

**Table - 5 Kinds of Difficulties in Getting Home Loans**

No. of Respondents

VARIABLES	I	II	III	IV	V	VI	VII	VIII	IX	X	TOTAL	MEAN	RANK
Procedural delays	4	5	7	4	3	6	4	10	6	11	3,004	50.07	IV
Government policy/RBI regulations	14	1	7	3	7	5	5	5	8	5	2,930	48.83	VIII

Lack of information	2	3	13	2	5	10	6	12	4	3	3,042	50.07	III
Poor post purchase attitude.	2	14	3	2	1	4	11	6	30	4	2,992	49.87	V
Unfair charges	15	3	3	2	4	4	3	5	4	17	2,789	46.48	X
Ambiguous documentation.	9	9	6	4	3	6	5	7	8	3	3,101	51.68	I
Delay in sanctioning.	2	9	5	9	7	8	3	4	8	5	2,957	49.28	VII
Delay in disbursement.	4	-	10	9	11	8	7	5	2	4	2,977	49.62	VI
Improper response from officials.	7	12	5	13	5	3	7	2	3	3	3,088	51.47	II
Lack of transparency.	1	4	1	12	14	6	9	4	4	5	2,840	47.33	IX

Source: Primary Source.

Table 5 shows that kind of difficulties of getting the home loan from HDFC bank, ambiguous documentation was ranked first, improper response from officials was ranked second, lack of information was ranked third, lengthy procedures was ranked fourth, poor post purchase attitude was ranked fifth, delay in disbursement was ranked sixth, delay in sanctioning was ranked seventh, government policy/RBI regulations was ranked eighth, lack of transparency was ranked nine and the remaining unfair charges was ranked tenth.

## CONCLUSION

HDFC Bank Ltd, India's second biggest private sector lender by assets. The bank expects to grow loans faster than the banking sector during the financial year to march 2016. The study shows that HDFC bank home loans has product portfolio for satisfying different consumer needs. The bank has got goodwill and this can be used for promoting its services. If new promotional activity and services introduced, it will help very much to organization to increase the business.

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