



**SATISFACTION OF THE BORROWERS TOWARDS
SERVICES OFFERED BY HDFC AND SBI IN RESPECT OF
HOUSING FINANCE**

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INTRODUCTION:

Better housing is essential for better economic and social life. It increases the standard of living and health of the human being. A healthy and commodious and delicious living provides incentives and generates efficiency, energy, zeal and strength on which depends the agricultural & industrial prosperity. In other words investment in housing is an essential element in the socio-economic upliftment of the nation.

According to the Modern Bank Marketing Concept, “Customer is the king, for any product to stand in the market, it should satisfy to the customer”. The demand for a particular product changes from time to time. The basic mechanism in the banking industry is providing loan to borrowers. In this paper the data is analyzed and interpreted which is filled up by the respondent’s different views and opinions towards housing finance availed through banks.

OBJECTIVES OF THE STUDY:

The objective of the study are as under

1. To identify the problems of housing finance with respect to the borrowers.
2. To Know the degree of satisfaction of the borrowers about the services offered by the bank.
3. To suggest solution for the problems of the borrowers and services offered by the banks.

METHODOLOGY ADOPTED:

To achieve the mentioned objectives, the study has completed by using questionnaire method. The data collected through questionnaire is scrutinized carefully. The data has collected from primary source.

Primary Data: The primary data are those, which are collected fresh and for the first time. The first hand information is collected by interviewing questionnaire and observation of the respondents. With the help of Questionnaire framed for the survey, sample borrowers were interviewed in depth. The Branch Managers and concerned personnel's of Home Loan Department co-operated a lot by making available the borrower's list and also other related information.

Sample Size:

For this the **Stratified Random Sampling Technique** is used. The public sector banks i.e. SBI provides total 7,095 clients and the private sector bank i.e. HDFC provides total 7,344 clients for the house loan from 2009-10 to 2018-19. The total clients for house loan are 14,439. As per the random sampling size table if the respondent number is 15,000 the sample size should be 375. In respect to this the SBI sample size is 184 but for comparison purpose 191 respondents are selected for the study and HDFC sample size is 191 as per proportionate basis. Likewise the total sample size is 382. For study purpose the Kolhapur district is divided into four region i.e. (i) Kolhapur city, (ii) Bhudargad, (iii) Gadhinglaj, (iv) Ichalkaranji.

Calculation of the Sample Size is as follows.

Population Size: 14,439 Total client who have purchased house loan

Confidence level: 95 %

Confidence interval: 5%

Sample size estimating method: Percentage or Proportion sample size estimating method.

Formula:

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2(N - 1) + z^2 \cdot p \cdot q}$$

Where:

n = Size of Sample.

N = Size of Population (14,439)

z = 1.96 (as per table of area under normal curve for the given confidence level of 95%)

p = Sample proportion (0.5)

q = 1- p (1- 0.5 = 0.5)

e = Confidence interval 5% (0.05)

By calculating the above equation **sample size for the study is 382 clients who have purchased home loan.**

This sample size is further classified between SBI and HDFC bank clients. The following table gives the clear idea about the sample size.

Table No.1: Sample Size

Details	Name of the Banks		Total
	SBI	HDFC	
2009-10 to 2018-19 (with discussion with the Regional marketing officer)	7091	7344	14439
Random Sample as per the table (if the population is 15000 should be 375) it is distributed proportionately (for comparison the sample is 191)	191	191	382

Selection of sample unit: To select the sample unit under the study list of house loan borrowers was procured from each bank. Each client was given unique number. By using random number generator software 191 random number were generated for SBI and 191 numbers were generated for HDFC.

SERVICES OFFERED BY BANK:

Housing is essential element in the life of most human being. The housing channel human relationship, establish hierarchical form of behaviors. Housing as maximum prosperity to generate income and demand for material, equipment and services. Hence the financial institution provide the maximum facilities to

the home loan borrowers. The HFIs should provide the facilities such as return of title deed and other documents after repayment of loan, mode of repayment, installments in time, and the better satisfaction. Financial liberalization and deregulation has increased the competition among the bank to attract potential customers. Every bank and financial institutions tries to provide superior services to keep satisfied customers. In India, emergence and popularity of Indian banking products raises competition among Indian banks. Indian banks have to face numerous challenges in the new era.

The banking Industry is facing rapid changes in the market such as new technology, economic uncertainties, server competition, more demanding customers and changing climate which lead to an unprecedented set of challenges. Banking is a customer oriented service industry, which has witnessed a radical shift in the market power. The effectiveness and efficiency became the buzzword of the success of the banking operation and its proper functioning particularly with respect to providing services to customers. An efficient, effective service is one which is extended appropriately by identifying and understanding the needs of the individual customers from time to time. The private banks have made technology as their tool to capture market whereas the public sector banks encash their relationship banking and trust of customers. Both sectors are becoming very aggressive in capturing more and more customer's base. But the biggest problem faced by banks in the cost of capturing new customers is far more than cost of retaining existing customers. Therefore a satisfied customer is an asset for the bank.

PROBLEM FACED BY BORROWERS:

Home loans are means through which an employed person can realized his/her dream to own a house. The income of these people is found to be insufficient to buy/construct an own house. Hence, vast demand for housing loan is seen. The home finance customer face a lot of problems from the initial stage to final stage of home loan repayment. The study of these problems may help the finance institutions to rectify the nature of the product and face business completion better. These problems measured with the help of 3 point scale. The

scale values are highly serious, serious, not much serious. The respondents were asked to view each problem and mark respectively the overall attitude towards the problem is also measured with the help of the average of the total problems together which is calculated by the total scale of all.

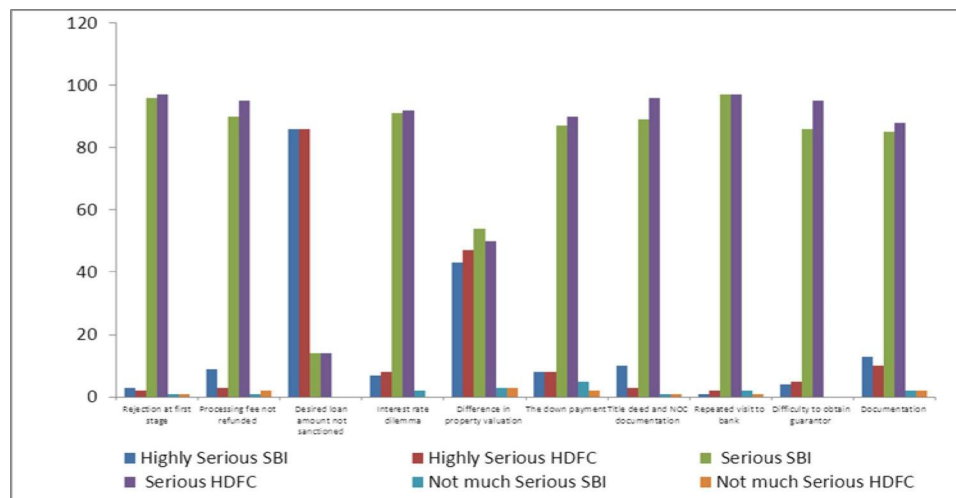
Table No. 2: Problems faced by respondents of HDFC and SBI

HDFC

Items	Highly Serious		Serious		Not much Serious		Total	
	No. of borrower	%	No. of borrowers	%	No. of borrowers	%	No. of borrowers	%
Rejection at first stage	5	3	184	96	2	1	191	100
Processing fee not refunded	17	9	172	90	2	1	191	100
Desired loan amount not sanctioned	164	86	27	14	0	0	191	100
Interest rate dilemma	15	7	173	91	3	2	191	100
Difference in property valuation	82	43	104	54	5	3	191	100
The down payment	16	8	167	87	8	5	191	100
Title deed and NOC documentation	19	10	170	89	2	1	191	100
Repeated visit to bank	1	1	185	97	4	2	191	100
Difficulty to obtain guarantor	8	4	183	86	0	0	191	100
Documentation	25	13	162	85	4	2	191	100

SBI

items	Highly Serious		Serious		Not much Serious		Total	
	No. of borrower	%	No. of borrower	%	No. of borrower	%	No. of borrowers	%
Rejection at first stage	4	2	185	97	2	1	191	100
Processing fee not refunded	6	3	182	95	3	2	191	100
Desired loan amount not sanctioned	164	86	27	14	0	0	191	100
Interest rate dilemma	15	8	176	92	0	0	191	100
Difference in property valuation	90	47	96	50	5	3	191	100
The down payment	16	8	172	90	3	2	191	100
Title deed and NOC documentation	6	3	183	96	2	1	191	100
Repeated visit to bank	4	2	185	97	2	1	191	100
Difficulty to obtain guarantor	9	5	182	95	0	0	191	100
Documentation	20	10	168	88	3	2	191	100

Graph No. 1: Problem faced by respondents of HDFC and SBI

The above table and graph presents the difference of problem encountered by respondents of HDFC & SBI and their views which is classified into three class 1) Highly serious, 2) Serious, 3) Not much serious. It shows that most of the respondents having highly serious problem i. e. 164 (86%) in respect of desire amount of loan not sanctioned of HDFC and SBI, 43% respondents and 47% respondents are highly serious about the difference in property valuation of HDFC and SBI respectively. 13% respondents of HDFC and 10% respondents of SBI having problem about the documentation to be attached with the loan application form.

Further majority of the respondents of HDFC and SBI i.e. in between 185 (97%) to 96 (50%) are serious about the various problems such as repeated visit to bank, rejection at the first stage, title deed and NOC documentation, the down payment, interest rate dilemma, difficulty to obtain guarantor, processing fee not refunded as explained in the above table except desire loan amount not sanctioned, difference in property valuation and documentation.

The seriousness of the respondents about the problems discussed earlier is because of lack of knowledge about the procedure, documentation and lack of technical know-how. Hence in order to remove the stress of the respondents both the institutions have to open “May I help you to counter.”

DEGREE OF SATISFACTION WITH STAFF OF FINANCIAL INSTITUTION:

Employees willing to help customers. Now-a-day there are banking and non-banking housing financial institutions are ready to provide a housing finance as per the requirement of home loan borrowers. There is a cut through competition among them to provide housing finance. Under such circumstances the employee behavior towards customers represents a big challenge till today. The employee interfacing the customers, delivers the organizations products and services to customer and transmits customer feedback to the organization. These relationships influence the employee and the banks in providing quality service to the customers. Data related customer perception on bank staff behavior is presented in the following table.

Table No. 3 : Degree of Satisfaction with Staff of SBI and HDFC

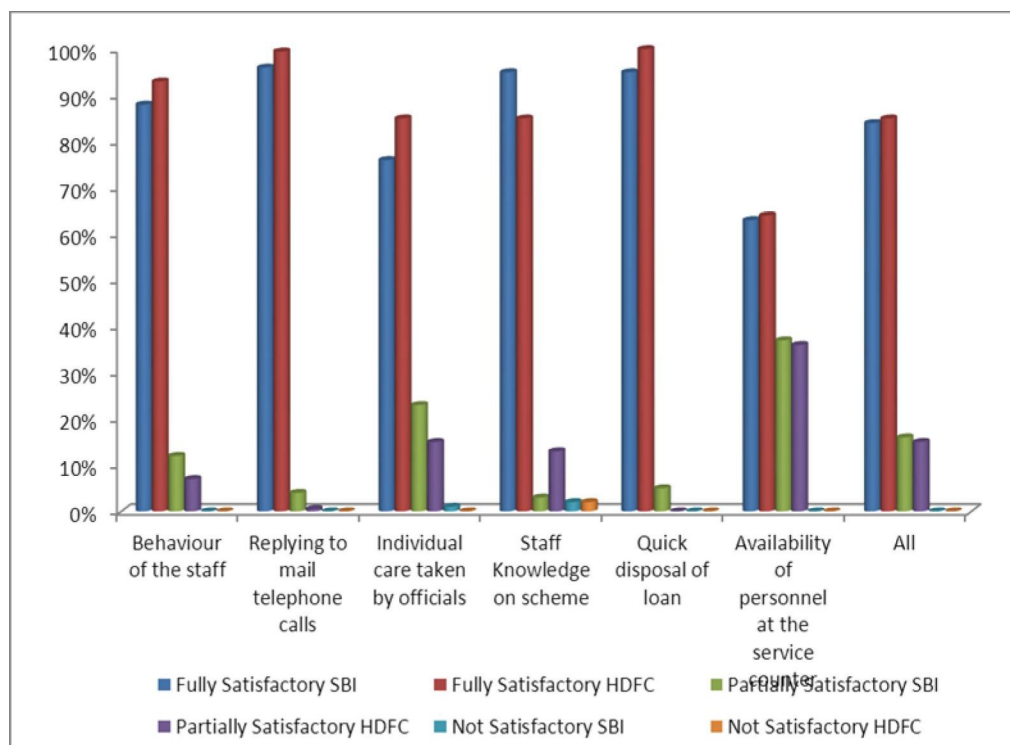
SBI

Behavior of Staff	Fully Satisfactory		Partially Satisfactory		Not Satisfactory		Total	
	No. of borrowers	%	No. of borrowers	%	No. of borrowers	%	No. of borrower	%
Behavior of the staff	168	88%	23	12%	00	0	191	100
Replying to mail telephone calls	183	96%	8	4%	0	0	191	100
Individual care taken by officials	145	76%	44	23%	02	01%	191	100
Staff Knowledge on scheme	182	95%	6	3%	3	2%	191	100
Quick disposal of loan	181	95%	10	5%	0	0	191	100
Availability of personnel at the service counter	121	63%	70	37%	0	0	191	100
All	160	84%	31	16%	0	0	191	100

HDFC

Behavior of Staff	Fully Satisfactory		Partially Satisfactory		Not Satisfactory		Total	
	No. of borrowers	%	No. of borrowers	%	No. of borrowers	%	No. of borrower	%
Behavior of the staff	177	93%	14	7%	-	-	191	100
Replying to mail/telephone calls	190	99.5%	1	0.5%	-	-	191	100
Individual care taken by officials	162	85%	29	15%	-	-	191	100
Staff knowledge about various housing scheme	162	85%	26	13%	3	2%	191	100
Quick disposal of loan	191	100%	-	-	-	-	191	100
Availability of personnel at the service counter	122	64%	69	36%	-	-	191	100
All	160	85%	29	15%	-	-	191	100

Graph No. 2 : Degree of Satisfaction with Staff of SBI and HDFC



As per the above table and graph shows the satisfaction of the borrowers with the staff of the SBI & HDFC bank. To know the degree of satisfaction of the borrowers, it is divided into three parts i. e. 1) fully satisfactory, 2) Partially satisfactory, 3) Not satisfactory. Out of the total 191 respondents of SBI 183 respondents (96%) are fully satisfied regarding the replying to the respondents about the loan through telephone calls and mails, staff knowledge about the various housing loan schemes and quick disposal of the loan 182 & 181 (95%) respondents are fully satisfied. 168 (88%) and 121 (63%) are fully satisfied with behavior of the staff and personnel available at the counter respectively. 145 (76%) are fully satisfied with individual care taken by officials.

In case of HDFC out of the total 191 respondents 100% it means 191 respondents and 99.5% i. e. 190 respondents opined that they are fully satisfied regarding quick disposal of the loan and informing to the borrowers about the loan through mail & telephone calls. 171 (93%) and 162 (85%) respondents says that they are fully satisfied on the views of behavior of the staff and individual care taken by officials, staff knowledge about housing loan schemes respectively. The personnel available at the counter 122 (64%) borrowers say that they are fully satisfied in this respect.

69 (36%) respondents of HDFC are partially satisfied with availability of the personnel at counter. And the very minor percentage i. e. 15%, 13%, 7% borrowers are partially satisfied in respect of individual care taken by officials, staff knowledge about the various housing scheme & behavior of staff with the respondents. And negligible percentages are not satisfied. 70 (37%), 44 (23%) and 23 (12%) borrowers of SBI are partially agreed about the personnel availability at service counter, individual care taken by officials and behavior of staff with the respondents respectively and very negligible percentage of respondents are not satisfied.

As per the above analysis in respect of satisfaction of the customers with the staff of the SBI & HDFC in regard to housing loan it is concluded that HDFCs performance is little bit bitter than SBI. But in the view of quick disposal of loan the respondents are 100% satisfied of HDFC.

FINDING:

Problem faced by Borrowers: It is observed that 96 (50%) to 185 (97%) borrowers having the serious problems about Rejection at the first stage, Processing fee not refunded, Difference in property valuation, Interest rate dilemma, The down payment, Title deed and NOC documentation, Repeated visit to bank, Difficulty to obtain guarantor and documentation. Because of the borrowers are not serious about the obtaining knowledge in respect to various problems they faced.

Degree of satisfaction with staff of SBI and HDFC: It is found that out of the 191 respondents of SBI, 183 (96%), 182 (95%), 181 (95%) and 146 (76%) borrowers are fully satisfied regarding replying to mail/telephone calls, staff knowledge about various home loan schemes, quick disposal of loan and individual care taken by officials respectively. Whereas, out of the 191 total respondents of HDFC 100% (all) respondents are fully satisfied in the view of quick disposal of the Loan and 99.5% (190) 93% (177) and 85% (162) are fully satisfied about replying to mail & telephone, behavior of the staff, individual care taken by officials and staff knowledge about various schemes respectively.

SUGGESTIONS:

1. The banks/HFIs should solved the problems faced by the customers. And understand their needs, preferences and attitudes. The housing finance institutions should educate their personnel for a pleasing behavior. This can create a good image among the housing finance customers about the institution. It will be appropriate to spend huge sums of money for promoting the housing finance services.
2. The bank should have to satisfy the customers. The bank should strengthen the friendly and trustworthy relationship with the customers. Generally, the relationship with the customers is good up to the regular payment of installment but not good on non-payment of installment. The bank should also offer better services to become competitive and cost effective in long run. It has to provide certain incentives to their potential

customers such as free personal accident insurance, fire insurance, reduction in procedure and administrative expenses from the natural calamities such as earthquakes, flood etc. The banking services should be extended towards rural and semi-urban areas in housing finance there are more housing shortages in rural and semi-urban areas. Still they are living in kaccha and dirty houses without sanitation facilities. The bank should give some special incentives to rural and semi-urban areas for housing loans. They should have start the home loan account saving schemes again with some modification. The duration of HLA (Home Loan A/C) scheme should be reduced up to some extents. So it will be helpful to salaried or middle class persons, to manage for future provisions on housing finance.

CONCLUSION:

Consumers are permanently affiliated with banks for many of their services, and people prefer banks that provide better services and easier banking processes. The high satisfaction of the respondents indicates that the banks are sensitive to the needs and concerns of the customers. HFI's success in the market depends on the availability of customized products and the quality of services provided to consumers. The future development of HFI depends on quality customer service. Changing consumer needs and uncertain economic conditions are putting pressure on HFI.

Recently, it has been concluded that the State Bank of India (SBI) and the Housing Development Finance Corporation (HDFC) are very popular among clients. Customer satisfaction with HDFC is much higher than with SBI. However, most people's needs rely on SBI services. Improving service quality will definitely increase the profitability of banks. The quality of service of these mortgage lenders meets the expectations of those who get the loan

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