

IMPACT OF FACTORS AFFECTING CUSTOMER SATISFACTION TOWARDS HOME LOAN SCHEME OF HDFC AND LIC HOUSING FINANCE LTD: A ROBUST ANALYSIS

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ABSTRACT

House is center domestic device for mankind's moral and substance development ever since the dawn of civilization. Housing is one of the most important that we human beings need. Adequate housing is essential for human survival with dignity. There are many things that we would find difficult, if not impossible to do without good-quality housing. Housing shortage is an universal phenomenon. It is more acute in developing countries. The housing scenario has become more critical in India in recent years.

Banking sector in India is one of the most matured, exceptionally immersed and focused market. It is among the most intense revenue generator in economy pumping immense funds to regulate, stabilize and sustain the economy. Banks helps in procuring tremendous incomes and controlling the expenses within the households. With a goal to drive income, reduce cost, regulate interest rates and maximize profitability retail banking triggered to have a strong hold over customer satisfaction. The factors expected to motivate customer satisfaction are studied using SERVQUAL Model. The fundamental target of the assessment is to make a near investigation of fulfillment of the borrowers from the HDFC and LIC Housing Finance Ltds. It is closed from the examination that HDFC and LIC Housing Finance Ltd has superb staff individuals as far as conduct and the customer satisfaction is a concerned for judging the performance of bank. Further, the administrations of HDFC and LIC Housing Finance Ltd are vastly improved and keep on innovating new technologies to reduce the hazels of clients by time.

India has initiated so many housing reform that has taken many forms and manifestations characterized by the reduction in social allocation, cutbacks in public funding and promotion of a real estate culture in close partnership between the state and private actors. Mortgage financing markets can play an important role in stimulating affordable housing markets and improving housing quality in many countries. Unfortunately, these are still in infancy in India. This lack of development often translates into lower home ownership rates or poor housing quality. Most of these problems stem from the central dilemma that the resources are always too limited and housing development heavily depend on the financial institutions such as banks, credit corporations and development banks for the supply of finance to meet their daily financial needs. Against this backdrop, this paper will assess basic nuances of Indian financing system.

Key words:

Customer Satisfaction, Home Loan Scheme, Robust Analysis, Housing Condition in India, Housing Shortage and Affordable Housing in India, Institutional Performance of housing finance in India,

HDFC, LICHFL.

1. INTRODUCTION

Real estate and dwellings has a share of 6.8 % in India's GDP and a growth of 32.36% in 2014-15. The growth of real estate services in has been consistently impressive at over 31% since 2005-06 with 32.3% growth in 2014-15. Housing is a basic necessity for human life and second largest generator of employment, next only to agriculture. Housing activities have both forward and backward linkages in nearly 450 sub-sectors such as manufacturing (steel, cement, and builders' hardware), transport, electricity, gas and water supply, trade, financial services, and construction which contribute to capital formation, income opportunities, and generation of employment.

In 2012-13 property prices had begun to moderate. As per the National Housing Bank (NHB) RESIDEX index for the quarter July-September 2014 compared to April-June 2014 (covering 20 cities, with 2011 as base year), there is a general decline in prices of residential properties in some smaller towns (Tier-II & III), while there is increase in some other cities which is marginal. In view of increased urbanization, the housing requirements in urban areas have been witnessing increase over the years. The Eleventh Five Year Plan (2007-12) estimated housing requirement of 24.7 million units in urban areas of which 99 % was in the economically weaker sections/lower income groups (EWS/LIG) segment. While these institutions largely cater to the formal sector, access to finance by the informal market segment largely remains untapped. As this untapped market segment is significant and growing, the Government of India has announced various measures like the Interest Subsidy Scheme for Housing for the Urban Poor and setting up of the Credit Risk Guarantee Fund Trust for Low Income Housing. With support from lending institutions, housing credit has grown substantially over the years, resulting in increased market penetration. The housing loan portfolio of scheduled commercial banks and housing finance companies—the major institutional players—stood at ₹ 6.10 lakh crore as in end-March 2012. However, due to limited housing finance solutions, the gap between housing demand and supply is widening. Besides the mortgage market in India is also underdeveloped. Though mortgages as a %age of GDP have improved from 3.4 % in 2001 to 9 % in 2011-12, the share is relatively lower than in many other countries—such as China (12 %), Thailand (17 %), Hong Kong (40 %), and the USA (65 %). The NHB has also floated a joint-venture mortgage guarantee company—the India Mortgage Guarantee Corporation Pvt. Ltd—which will offer mortgage guarantees against borrower defaults on housing loans from mortgage lenders which will help expand access to housing in India.

Indian Banking is encountering huge change and innovations in terms of product and services. Managing, maintaining and dealing with a record is an overall issue that is posing continuous challenges. Changes in the fiscal region, covering keeping cash, insurance, budgetary markets, trade, impose evaluation et cetera have been an imperative catalyst in sustaining the basics of the Indian economy. The change measures have acknowledged real advancements in this fundamental division of the Indian's economy.

Home being a shelter is an essential place for humans to reside and accomplish their daily activities. Under perfect conditions it can be said and observed that loans will accomplish the need and hunt for shelter. Buying a house is dream for everyone. It can be inferred that hike in the valuation of properties is observed due to increasing inflation and it is getting harder to buy hold and maintain property in such an uncertain market. It has basically ended up being incomprehensible for a typical winning individual to buy a home on a particular sum installment. Summing up these lines it is conferred that buying home has come in nearness as banks are providing easy and soft loans (Gupta and Agrawal, 2013). The task of picking one bank and one offer for home loan amidst the thousands available decisions have transformed into an amazingly complex endeavor inferable from the construction to flourishing in the country. Beside this, there are confounded business talks and

actionable elements that make this endeavor more troublesome. In this examination, the study propose to give the principal information of home loan boost points of interest, so when a man applies for the home loan, he/she can understand the basics and empower themselves to avoid the misleading parts in the market.

With taking off land costs, people are logically picking home loan credits to get their dream home. Advance expenses are slipping continually and the banks and their cash reserves are really falling over each other to draw the arranged home-searchers. Despite the duty diminishments and liberal advancing rates, numerous individuals still can't compose resources for the underlying portion, which ends up being no fewer than 15 for every penny of the property estimation.

Administration quality is an essential segment of customer acknowledgment. In circumstances where customer organization or organizations are offered in blend with a physical thing, advantage quality in like manner choose customers' satisfaction. Customers judge the idea of organizations in perspective of their impression of the particular outcome gave, the method by which that outcome was passed on and the idea of the physical surroundings where the organization is passed on. The determinants of administration quality can be characterized as Reliability incorporates consistency of execution and faithfulness. It infers that the firm plays out the organization right the primary go through. Responsiveness concerns the capacity or arrangement of delegates to give profit. Access incorporates pleasantness and effortlessness of contact. It infers the organization is easily open by telephone; holding up time to get advantage isn't wide, useful long periods of activities and invaluable region of organization transport. Communication/ Correspondence suggest keeping customers taught in lingo they can fathom and tuning in to them. It may infer that the association needs to change its vernacular or different purchasers - growing the level of refinement with an adjusted customer and talking just and without a doubt with a learner. Credibility incorporates steadfastness, dependability, validity. It incorporates having the customer's best eagerness on the most essential level.

Each bank offer numerous sorts of loans and advances to the customers like retail credit, term advance, working capital advance, overdraft, exchange import store and wander support. The investigation will look at the elements influencing consumer loyalty towards Home loans of LICHL and HDFC in the Lucknow city. Aside from this the examination will utilise relapse and effect on consumer loyalty will be seen of the computed factors. The study will also focus on the impact of extracted variables on customer satisfaction. It will reveal that what are the key determinants which help shape banks to develop and increase customer satisfaction. The impact and relations will also be calculated and observed for the management of home loans. The study will facilitate banks with all resources required to improve the CRM (Customer Relationship Management) in the bank.

Meaning & History of Home Loan

Home loans, also known as mortgages, use the borrower's home for collateral. This home can be a single-family house up to a four-unit property, as well as a condominium or cooperative unit. Lenders fund home loans, but both the lenders themselves and brokers who act on behalf of the lenders originate, or process, them.

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.

Significance

Without home loans, most Americans could not afford to buy a home. The housing sector and related industries is a large share of the U.S. gross domestic product (GDP). According to the National Association of Home Builders, the housing industry as a whole contributes about 17

% to 18 % of the nation's GDP. In fact, housing was largely responsible for the strong economic state of the U.S. throughout the early to mid-2000s and disguised an essentially weak economy, according to an article by MSN Money's Bill Fleckenstein.

Function

The most common purpose of a home loan is to provide the funds a buyer needs to purchase a home. Home equity loans allow a homeowner to borrow against the difference between the home's value and the current loan balance, or equity. Investor loans permit buyers to purchase homes as rental properties or to fix up and sell at a profit.

Types of Home Loans

The two most widely used types of home loans are fixed-rate loans and adjustable-rate loans. A fixed-rate loan keeps the same interest rate for the life of the loan, which means that the principal and interest portions of the monthly payment stay the same. Adjustable-rate mortgages begin with a lower interest rate for the first few years and then adjust to market rates after the initial period is over. Caps are placed on how much the rate can adjust at any given time, as well as on how much the rate can increase over the duration of loan. This means the principal and interest portions of the monthly payment change repeatedly through the duration of loan. There are different types of home loans tailored to meet our needs. Here is a list of few: **Home Purchase Loans:** This is the basic home loan for the purchase of a new home. **Home Improvement Loans:** These loans are given for implementing repair works and renovations in a home that has already been purchased.

Home Construction Loan: This loan is available for the construction of a new home. **Home Extension Loan:** This is given for expanding or extending an existing home. For eg: addition of an extra room etc.

Home Conversion Loan: This is available for those who have financed the present home with a home loan and wish to purchase and move to another home for which some extra funds are required. Through home conversion loan, the existing loan is transferred to the new home including the extra amount required, eliminating the need of pre-payment of the previous loan.

Land Purchase Loans: This loan is available for purchase of land for either construction or investment purposes.

Bridge Loans: Bridge loans are designed for people who wish to sell the existing home and purchase another one. The bridge loans help finance the new home, until a buyer is found for the home.

Effects

Because home loans are a large share of the financial situation of the majority of people, taking the time to determine the right type of loan and to investigate terms is essential for any home buyer or owner. Federal law promotes the consumer's ability to shop for the best loan by requiring lenders to give prospective borrowers Good Faith Estimates and Truth in Lending (TIL) statements that disclose and itemize the terms and costs associated with a loan.

2. HOME LOAN PROCEDURE

With the increasing competition in the market for offering Home Loans, the otherwise tedious process of availing loans has gone a tremendous change in the recent years. However, there is still some process involved in the procurement of Home loan. It is advisable for borrower to first look at the different stages required for obtaining a Home Loan. Here is step by step procedure of procuring home loan.

Step 1 : Application form Step 2 :

Personal Discussion

Step 3: Bank's Field Investigation

Step 4: Credit appraisal by the bank and loan sanction Step 5:

Offer Letter

Step 6: Submission of legal documents & legal check Step 7:

Technical / Valuation check

Step 8: Registration of property documents

Step 9: Signing of agreements and submitting post-dated cheques
 Step 10: Disbursement

Table1: Housing Growth Trajectory

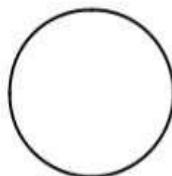
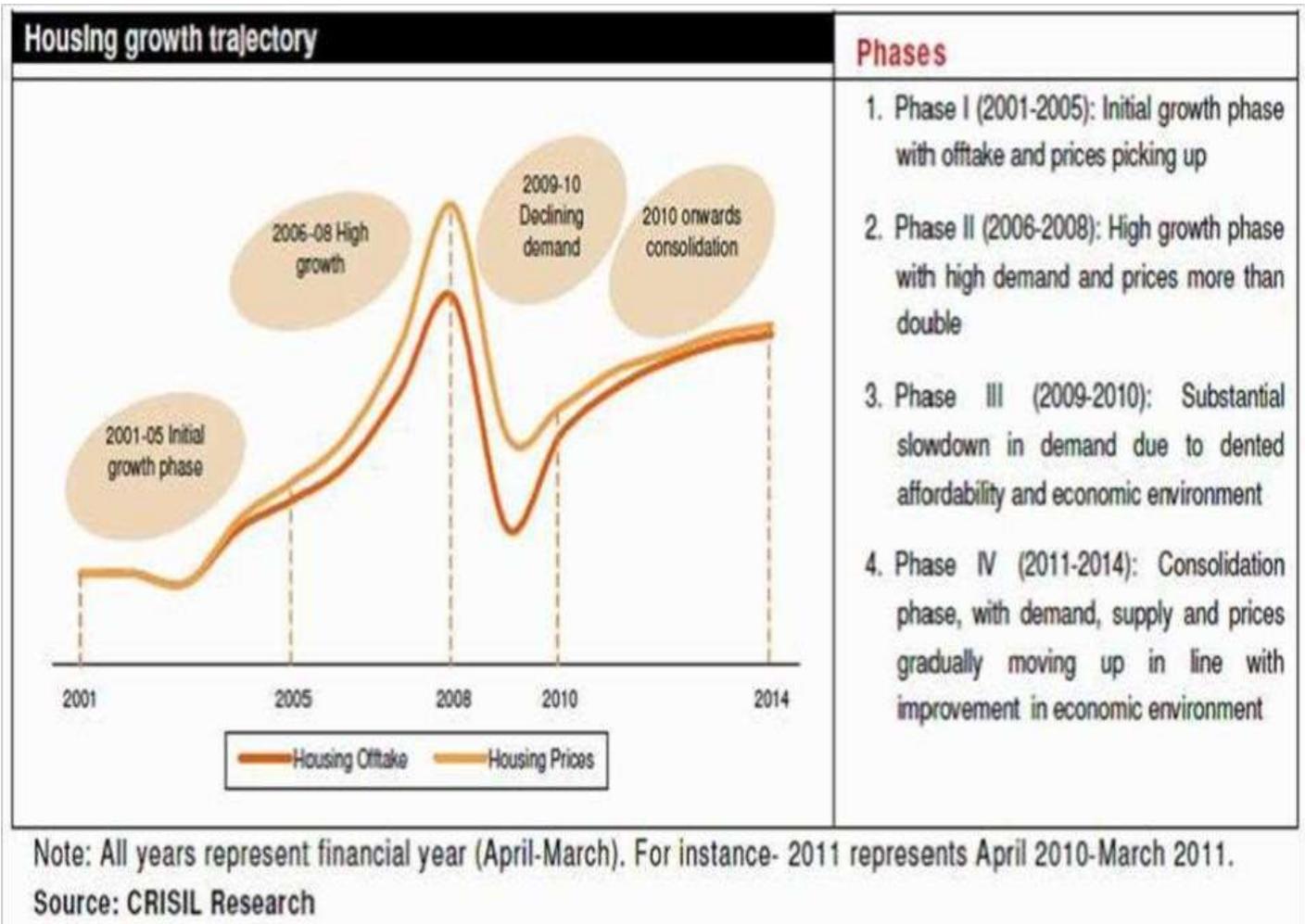


Table2: Housing Shortage in India

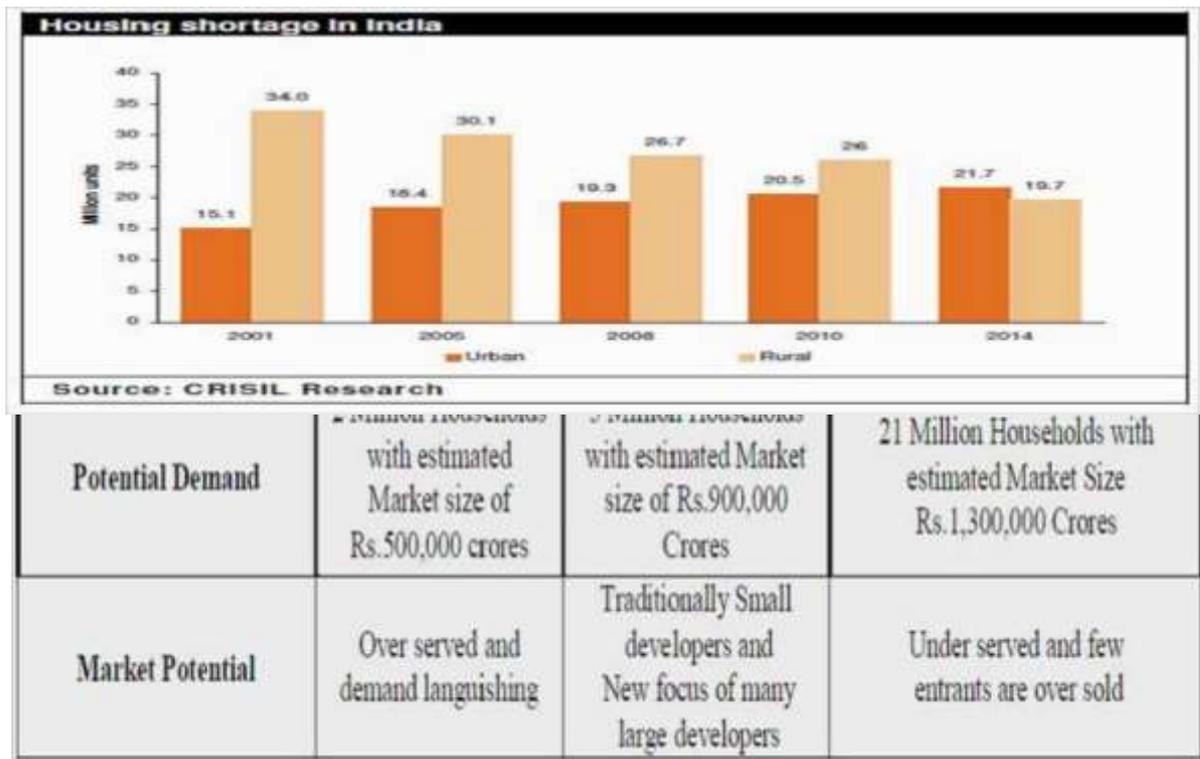


Table3: Low income housing in India, a big business opportunity

3. IMPORTANCE OF THE STUDY

Since not much research work has been done in the area of housing finance provided by various types of bank from the customers’ point of view, it was decided to undertake one such study in Lucknow city which is the fastest growing city in India, as per the latest census data. It was decided to select one Public Sector and One Private Sector bank; HDFC and LIC Housing Finance Ltd., so that a comparative analysis could be undertaken.

4.PURPOSE OF TAKING A HOME LOAN

Taking a home loan nowadays has many advantages. Added to this, the RBI has been regularly slashing interest rates, with the result that housing finance loans that came at an interest rate of 16.5% to 18% four years ago are now available at 11.5% to 13% or lower. Each year the Finance Minister's largesse during the Budget seems to be solely concentrated for the housing sector and construction sector. The Budget 2000's allowed interest payment up to Rs2lakh and principal payment of Rs 20,000 to be exempted from income tax.

5. OBJECTIVE OF THE STUDY

Objectives of the study are as under

- To study the customers satisfaction levels towards the selected housing finance institute in India.
- To understand why customers preferred the selected housing finance institute for home loan in India.
- To study the factors responsible for customer satisfaction towards home loans.

- To study the impact of extracted factors on customer satisfaction towards home loans.

6. HYPOTHESES

Some of the Hypotheses that are tested in this study are as follows:

There is no association between Age, Educational Qualification, Profession, Yearly Income of Respondents and the Amount of Loan Applied for.

There is no association between the Age, Yearly Income, Profession, Educational Qualification of Respondents and Sanctioned Loan Amount.

There is no association between Days taken for Sanctioned Loan and Type of Banks.

H01: There is no significant impact of Reliability on customer satisfaction towards home loans in selected agency.

H02: There is no significant impact of Responsiveness cost on customer satisfaction towards home loans in selected agency .

H03: There is no significant impact of Accessibility on customer satisfaction towards home loans in selected agency

H04: There is no significant impact of Communication on customer satisfaction towards home loans in selected agency

H05: There is no significant impact of Credibility on customer satisfaction towards home loans in selected agency

H06: There is no significant impact of promptness on customer satisfaction towards home loans in selected agency

H07: There is no significant impact of customer orientation on customer satisfaction of Home Loan in selected agency

H08: There is no significant difference between customer satisfactions of selected agency

The Sample

The sample is chosen from a bigger gathering of people, distinguished as the populace from whom the information are gathered. To continue the study irregular inspecting strategy has been chosen as the shot of likelihood from the populace. It is known with the previous that makes it conceivable to gauge measurably the qualities of the population.

The Sample Size

The survey is based on the data collected by 200 clients chosen for this investigation after inspecting premise from Lucknow city

The Tools Used

The study undertakes the tools namely Reliability analysis, Factor Analysis and Regression analysis to compare the impact and effect of variables under the study. The tools are applied using SPSS-18 and E Views- 8 statistical software's.

7. LIMITATIONS OF THE STUDY

This research study was time bound and due to this only a few aspects of the problem were taken up in it.

8. REVIEW OF LITERATURE

A few investigations have been finished by different researchers with regards to home loans. The points of interest of surveys are underneath:

David, B. (2009) inspected in his examination taken from 2001 to 2008 that in this period there is expanding utilization of home credits when contrasted with private home loan protection (PMI). Vandell, Kerry, D. (2008), examines the sharp ascent and after that all of a sudden drop down home costs from the period 1998-2008. Changes in costs are for the reasons accordingly financial essentials, the issue was not subprime loaning in essence, but rather the emotional decreases and resulting increments in loan fees amid the early-mid-2000, the lodging credit blast was gathered in those business sectors with critical supply-side confinements, which have a tendency to be more value unstable. The issue was not in the abundance supply of credit in total, or the expansion in subprime in essence, but instead in the expanded or lessened nearness of certain other home loan items.

La courr, Micheal (2007) examinations in his investigation, the variables that influence the expansion in the level of Yearly rate rates (APR) spread revealing amid 2005 more than 2004. The three principle factors are (1) changes in bank business rehearses; (2) changes in the hazard profile of borrowers; and (3) changes in the yield bend condition. The outcome demonstrates that in the wake of controlling the blend of advance types, credit hazard factors, and the yield bend, there was no measurably noteworthy increment in the reportable volume for advances started specifically by banks amid 2005. La cour Micheal (2006) inspected the home buy contract item inclinations of LMI families. Goals of his investigation were to examination the variables that decided their decision of home loan item. The part estimating and item substitution play in this portion of the market and to check whether comes about differ when credits are started through home loan agents. For this situation relapse examination has been utilized and comes about have demonstrated that high intrigue chance decreases advance esteem.

Dr. Rangarajan C. (2001) said that the money related arrangement of India constructed a huge system of monetary establishments and markets over circumstances and the part is overwhelmed by saving money area which accounts for around two-third of the advantages of sorted out budgetary segment. DePaul Singh (2001) in his investigation entitled buyer Behavior and Bank Retail items an Analysis "Stresses that the borrowers state of mind is an imperative factor for the change of lodging credit plans. R.R. Krishna and V.S. Krishna Mouthy (1999) worry in their article entitled "Pattern and arrangement Issues of Housing money in India", that improved methods and quick endorse of lodging credits will give a lift to the building houses.

Sangwan and Bhan (2012) this examination can discover the fulfillment level of clients and issues looked by them in getting home credits. For this reason, we have taken four business Banks in Chandigarh city in particular

H.D.F.C. Bank, Punjab National Bank (P.N.B.), Union Bank of India and Industrial Credit and Infrastructure Corporation of India (I.C.I.C.I) Bank. It incorporates two open area banks and two private segment banks. In the examination system an example size of 200 respondents has been taken through arbitrary inspecting. They have taken both essential information and also auxiliary information, in the essential information poll has been utilized to check the fulfillment level of clients about home advances. In the auxiliary information, the yearly reports of RBI, business banks and brochures of these banks have been contemplated. At last the entire research was completed deliberately to reach at correct outcomes. The entire research and discoveries depended on the destinations. A portion of the restrictions looked in gathering the information were Lack of time, absence of information, non-reaction, hesitant disposition and

ignorance of respondents, which postured issues in doing the exploration.

Gupta and Agarwal (2013) this is a near report in Meerut city, India, to assess benefit quality and resultant consumer loyalty in private banks as contrast with open division ones. Rao (2013) this investigation talked about the discernment and issues of home advance takers in Andhra Pradesh. The creator has concentrated on examine by considering H.D.F.C. what's more, S.B.I. bank. The paper examined about the Housing Policy outline work, patterns and advance in Housing Finance, the operational execution of H.D.F.C. what's more, S.B.I. as to giving lodging fund to people, discernment and issues of home advance takers in the State of Andhra Pradesh. The creator finished up by expressing that the Housing Finance in India confronted various set-back in decades however the planning of an asylum strategy, the association of the lodging fund showcase, the presentation of monetary motivating forces have purchased about various changes in the lodging money. The administrations and item advancements are the key apparatuses for progress.

9. RESEARCH METHODOLOGY

SOURCES OF DATA

The study is based on primary as well as secondary data.

Collecting Primary Data:-Primary data are collected through the responses of the customers through questionnaires which were specially prepared for this study. The questionnaire contained questions regarding the general and socio-economic characteristics of the respondents such as age, religion, educational qualification, etc. and also about their reason for taking home loan, term, rate of interest, procedure etc. We conducted the pilot study by selecting seven respondents each banks including HDFC and LIC Housing Finance Ltd. On the basis of their responses, some questions were modified and the modified questionnaire was finally canvassed among the 200 selected respondents. A sample size of 240 was used since, it was not possible to cover the whole universe consisting of all the customers. Among these 240 respondents, 120 respondents were selected from HDFC Bank and another 120 respondents were selected from LICHF Ltd. Primary data also included information collected by personal interview with managers of HDFC and LIC Housing Finance Ltd.

Collecting Secondary Data:-There was extensive use of secondary information in the form of books, articles published in magazines, journals, newspaper, reports of HDFC and LIC Housing Finance Ltd., websites, circulars, pamphlets of the banks, clippings etc.

- **Period of study & Sampling Technique**

The questionnaires were filled up during the period of December 2020 to March 2021. The sample was selected using a convenient sampling.

- **Statistical Techniques**

The collected data were scrutinized and edited. The edited data were analyzed using the software "Statistical Package for Social Sciences" (SPSS) and meaningful conclusion were arrived by constructing simple and two-way tables and by using statistical techniques like chi-square test. Simple table were constructed for analyzing the general information of the sample. Two-Way table were constructed for the comparative analysis and to know the relationship between two factors. At last the associations between different variables were tested by using

the chi- square test.

LEVEL OF CUSTOMER SATISFACTION WITH RESPECT TO VARIOUS ASPECTS

The survey findings with respect to the level of customer satisfaction with various aspects can be shown in the following table.

TABLE 1: LEVEL OF CUSTOMERS' SATISFACTION WITH VARIOUS ASPECTS

S no.	Particulars	Total Number of Respondents (N)	Weighted Sum	Average Level of Satisfaction
1.	Promptness of the sanctioning of Loan	240	385	2.67
2.	Promptness in disbursement	240	427	3.03
3.	Safety-security- Privacy	240	467	3.41
4.	Loan Availability	240	416	3.02
5.	The service quality	240	468	3.41
6.	Easy/Cumbersome way of loan process	240	355	2.62
7.	Cooperation of Staff	240	321	2.09
8.	Documentation	240	342	2.14
9.	Guarantee	240	279	0.99
10.	Security	240	344	2.16
11.	Rate of Interest	240	409	3.12
12.	EMI	240		

The above table 1 indicates that the average level of satisfaction to customers is more than neutral state which is denoted by 3 with respect to all the aspects except the service quality, cooperation of staff, documentation, guarantee, security, rate of interest, EMI where the mean score was found less than 3. Therefore these aspects need more attention and shows good scope of improvement.

KNOWLEDGE ABOUT THE FEATURES OF HDFC & LIC HOUSING FINANCE LTD

The respondents in question 2 were requested to answer whether they know all the features of HDFC and LIC Housing Finance Ltd Whether they ever taken the Housing finance facilities from HDFC or from LIC Housing Finance Ltd.

Table 2: Knowledge of Features of HDFC and LIC Housing Finance Ltd

Knowledge about the HDFC	No. of Respondents	%age	Knowledge about the LICHF		
			Yes	No	%age
Yes	65	54.2%	Yes	75	62.5%
No	45	45.8%	No	45	37.5%
Total	120	100%	Total	120	100%

It can be seen from the above table no. 2 it can be seen that out of 240 respondents, 65 (54.2%) have knowledge of the features of HDFC and 75 (62.5%) have the knowledge of feature of LIC Housing Finance.

Suggestions to Improve Service Quality

TABLE 3. SUGGESTIONS TO IMPROVE SERVICE QUALITY OF BOTH HDFC AND LIC HOUSING FINANCE LTD

Sl.No.	Suggestions	Number of Response	%age
1.	Fast Sanction	135	56.25%
2.	Fast Disbursement	110	45.8%
3.	Full Staff Cooperation	85	35.42%
4.	No Guarantors need	163	67.92%
5.	Less Documentation	185	77.08%
6.	Less Interest Rate	146	60.88%
7.	Less Hidden Charges	157	65.42%
8.	Less EMI	92	38.33%
9.	Quick Payment	98	40.83%
10.	No Harassment	49	20.42%

RESULTS AND ANALYSIS

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.85	.85	2

Source: Reliability Analysis calculated SPSS

The Reliability analysis was carried on the data of HDFC and LIC Housing Finance Ltd and the value of Cronbach's Alpha in was 0.859. This indicates that the data is highly reliable and fit for further study of Factor analysis, and Regression analysis.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.835
Bartlett's Test of Sphericity	Approx. Chi-Square	2191.758
	Df	406
	Sig.	.000

Source: KMO and Bartlett's Test calculated using SPSS

The KMO and Bartlett's Test, value was 0.835 and this indicates that the data is highly model fit for and factors extraction is possible. According to Kaiser Criterion only seven factors can be extract for continuing the study further and have a subsequent contribution towards research

LABELS		FACTORS NAME	STATEMENT	FACTOR LOADING
F1	Q16	RESPONSIVENESS	Proper information regarding revision in Interest Rates	0.746
	Q14		Accurate Financial Transactions	0.678
	Q25		Alerts received on device	0.622
	Q17		Instant Feedback	0.579
	Q19		Long term relation maintained	0.53
F2	Q15	RELIABILITY	Problems handled timely	0.529
	Q12		Transparency in Settlement	0.523
	Q18		Prompt Service	0.52
	Q24		Core banking facilities	0.493
	Q22		Trust between bank customers	0.118
F3	Q20	Communication	Use of New Technology	0.709
	Q21		Adaption of different measures of upgrading	0.699
F4	Q1	Trustworthy	Loan Accrual fair and up to mark	0.189
	Q2		Central Record keeping	0.311
	Q3		Loan facility 24*7	0.251
F5	Q7	Access	Low transaction cost	0.074
	Q10		Closure Policy Easy	0.287
	Q11		Better Services	0.164
	Q9		Easy complaint handling	0.527
F6	Q5	Credibility	Time bound loan	0.765
	Q8		IT Enabled services	0.699
	Q6		Competitive Pricing	0.528
	Q4		loan application easy	0.512
F7	Q26	Customer Satisfaction	Easy EMI collection	0.865
	Q27		We are satisfied by Services	0.777
	Q23		Proper security system installed	0.68
	Q13		Loan Policy trustworthy	0.582
	Q28		Central Record keeping	0.54
	Q29		Sufficient support from department	0.43

Source: Rotated Component Matrix calculated using SPSS

The factor analysis is explained on the basis of cumulative factor load and depends on the maximum load cumulatively shared by the explained variables. The factors that are extracted for research are:

A. Customer Satisfaction (CS).

B. Responsiveness (RES).

C. Credibility.

D. Reliability (REL).

E. Access.

F. Communication.

G. Trustworthy.

A. Factor 1: Customer Satisfaction (Factor Loading: 3.874)

Customer Satisfaction is one of the most important factor for the banks. In a competitive environment where service is a key constraint for sustainability banks should focus on the priority of customer satisfaction. The variables that contribute towards customer satisfaction are “Easy EMI collection” were the collection mechanism should be simplified and benefits to the borrower should be given on recurring basis. “We are satisfied by services” the punch line says it all and the customers are in the position to advertise by way of mouth the benefits provided by the bank. In extension of services banks have to install “Proper security system” in terms of data mall i.e. every single bit of information should be secured by the bank. The next point on which banks should focus upon is “Loan Policy trustworthy”. This means that banks should have transparency in disbursement of loans and should be on equitable grounds. Further it is observed that the “Central Record keeping” should be there so as to have clear information about defaulters and accounts foreclosures. Finally to enhance the performance and outperform in the market it is important for the banks to have “Sufficient support from department”.

B. Factor 2: Responsiveness (Factor Loading: 3.155)

The first factor “Proper information regarding revision in Interest Rates” is considered to have maximum load in the series as it is a big matter of concern for borrower. If the revision is towards the higher side borrower has to pay high rate which is a matter of additional burden and vice a versa. Secondly “Accurate Financial Transactions” is another matter of concern as he has a threat to getting cheated as he is not aware of revisions. “Alerts received on device” is a tool to get awareness about the time of repayment and his actual position hence being a borrower he should be up to date with his financial position. The factor namely “Instant Feedback” is also dealing with the way employees are handling the customers. As an important part of CRM feedback plays a significant role in facilitating customers in the bank. Finally “Long term relation maintained” help to develop trust among the customers and in future they may be ready to avail more services rendered by bank.

C. Factor 3: Credibility (Factor Load: 2.504)

The factor with a high factor load is credibility which is an important aspect to be considered by the banks. It shows the goodwill of the bank among its customers. The first sub factor in the concern is “Time bound loan” which shows that if the requirement of the client is fulfilled timely

he will be satisfied and he will try availing more services of bank. The “IT Enabled services” will increase the speed of service and accuracy that reduces the hassles of the clients. “Competitive Pricing” creates confidence among the clients and if the prices are identical they are confident in creating long term relations with the bank. Finally if “loan application easy” they find it ideal to communicate with bank and all the factors contribute towards enhancing credibility of the bank.

D. Factor 4: Reliability (Factor Load: 2.183)

The factor namely reliability involve “Problem handled timely” i.e. execution should be perfect and spot on time so as to help the borrowers and their dreams come true at right time. Than the settlement system should be transparent and the customer should have clear idea of their single Penney repayment. The “Prompt service” allows banks to develop the better customer relationship and confidence so as to make them comfortable and well aware with the services of bank. Core banking help to make easier the payment system and the interest can be paid timely. Trust between bank and customer is again the cause of reliance and the banks help customer to mitigate their financial issues.

E. Factor 5: Access (Factor Load: 1.052)

The banks should also focus on charging low transaction cost so that customers may not change the bank but loyalty towards banks can be created. The closure policies should be simple and transfers of document should be simple. Banks should also focus on providing better services and there should be consistency in the same so as to develop trust and the grievance handling should be simple and easy for banks.

F. Factor 6: Communication (Factor Load: 1.048)

Banks should try developing confidence among the customers by properly communicating everything to them. Information plays a significant role to bridge the gap between the customer and bank. Communication plays a significant role in changing dynamics of employees and banks. Banks should use new and modern technology to communicate with its clients and give them idea of its financial position. If the banks adopt all possible technologies and make the goodwill and reliance grow hence it is said communication and credibility go hand in hand.

G. Factor 7: Trustworthy (Factor Load: 0.751)

Finally the trust in bank and its services should be at top where employees develop the repo with clients and persuade them to avail various services rendered by them. If there is a fair uniform and easy policy for loan can be develops that the client is satisfied. There should be central record keeping system in the banks and the client should receive it instantly. Lastly loan facility should be available 24*7 so as to make clients comfortable

V. CORRELATION ANALYSIS

	ACC	COMM	CRED	CS	REL	RES	TRUST
ACC	1	0.073117 71	0.135836 07	0.052310 085	0.057962 244	0.191817 765	0.055103 343
COM	0.073117 1	1	0.0737084 6	0.1281123 3	0.0620349 3	0.046040 73	0.1783537 36
CRE D	0.135836 071	0.073708 46	1	0.5447533 8	0.391368	0.696868 92	0.2825680 51
CS	0.052310 848	0.128112 33	0.5447533 8	1	0.6003575 4	0.689634 19	0.2114877 59
REL	0.057962 442	0.062034 93	0.391368	0.6003575 4	1	0.367651 35	0.2365867 09
RES	0.191817 652	0.046040 73	0.6968689 2	0.6896341 9	0.3676513 5	1	0.1446073 51
TRU ST	- 0.055103 43	0.178353 74	0.2825680 5	0.2114877 6	0.2365867 1	0.144607 35	1

Source: Correlation table calculated using E- views 8

The correlation analysis in the table reveals that there is a high correlation among Customer satisfaction with Reliability 60% and responsiveness 69% whereas moderate correlation is observed with Credibility 54%. The study unfolds low correlation with Trust 21%, Communication 13% and Accessibility 5% respectively. Hence the hypothesis stating no correlation is rejected and it can be said that there is relationship among the studied variables and the null hypothesis is rejected.

REGRESSION ANALYSIS

The regression analysis applied on Customer satisfaction as dependent variable and access, communication, credibility reliability, responsiveness and trustworthiness as independent variable. In the table below it is revealed that there is a high impact of Credibility and Trustworthiness over customer satisfaction as the p value is 0.8817 and 0.7018 is on Customer satisfaction. Whereas remaining variables have moderate and low impact. The r^2 value is 0.6279 indicating the combined variables contribute 63% effect on the dependent variables. The p value is 0.0164 indicating all the variables are good enough to lay down impact as the p value as less than 0.05.

Dependent Variable: Customer Satisfaction

Method: Least Squares Sample: 199 Included observations: 199

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.088654161	0.22253729	0.398378898	0.69079356
ACCESS	-0.10606306	0.05860267	-1.80986751	0.07188007
COMMUNICATION	0.097112513	0.05406551	1.796200762	0.07403474
CREDIBILITY	0.009577228	0.0642854	0.14897983	0.88172591
RELIABILITY	0.379078508	0.04753903	7.974048776	0.35000216
RESPONSIVENESS	0.585490172	0.06705563	8.731409379	0.2253657
TRUSTWORTHINESS	0.01852504	0.04831627	0.383412063	0.70183846

Source: Regression Analysis table calculated using E- views 8

10. CONCLUSION

The waiver of pre-payment penalty charges has increased rivalry among banks and housing finance companies, which the regulator fears will lead to a dilution in underwriting and appraisal standards. The housing finance market is expected to grow 35% and reach a size of Rs.2.05-2.1 trillion by the end of the current fiscal, with banks having nearly a two-third share and housing finance companies the rest. To be sure, the central bank has always kept a close eye on real estate borrowing.

In recent years, the Reserve Bank has introduced stricter provisioning norms as well as guidelines for banks to follow while approving loans. It has asked banks to adhere to prescribed loan-to-value ratios and ensure proper documentation of loans. Aggressive practices, such as the waiving of processing fees by big banks could be harmful for the industry.

The Indian housing finance market cannot be looked at independently of the government's role in the overall financial sector, which is nowadays characterized by a process of liberalization. However, the Indian government has tried, and is still trying, albeit to a lesser extent, to stimulate economic development by controlling interest rates and directing credit to priority sectors. Furthermore, private sector housing finance has been developed since 1977 and the creation of the National Housing Bank had helped the sector to develop further. In addition to specific guidelines and directions of HFCs, lending regulations, refinance facilities and the Home Loan Account scheme were set up with the particular intention of serving the small man. However, the intentions conflict with reality. The poor still face problems of accessibility, affordability and suitability of formal housing finance through HFCs. HFCs tend mainly to serve households with incomes above medium level, because the lending criteria (long-term credit, large loan size and tight methods of repayment) most closely fit the life-style of this income group.

Government control of the Indian housing finance market limits its further development. Financial subsidies, such as on interest rates and tax exemptions, generally benefit the better off. It would be wise to stop giving subsidies such as tax concessions and subsidies on interest rates, which are a burden on the financial system and the tax payers.

An important lesson from the case described, which is probably beyond the Indian context, is that a credit mechanism which fits an incremental way of building should be developed

instead of trying to fit the poor into the existing housing finance jacket. Such credit should be characterized by short- or medium-term credit, relatively small amounts and flexible repayment methods. In other words, an enabling strategy for the poor has more potential than encouraging the private sector to serve the small man.

Reform of the housing finance schemes for middle- and low-income households should take place simultaneously. If emphasis is put on the development of housing finance schemes for the poor and schemes for the middle-income households are neglected, middle-class groups will probably appropriate the schemes meant for the poor. Instead of interest subsidies on housing loans for the poor, one-time grants for households may be a better way to help them.

The study communicates that independent variables namely customer satisfaction is at the utmost priority for HDFC and LIC Housing Finance Ltd. The bank give utmost priority to Responsiveness i.e. timely execution of task in form of grievance redressing and feedback system. Other than that Credibility, reliability and accessibility are key to success and build a strong reputation among the customers. Finally Communication and trustworthiness can be increased to acquire the confidence among the clients of the bank. As it is observed that banks being a backbone of economy they contribute to society to a greater extend. They are custodian of investors funds and provide safety and returns to them timely. In order to render quality services and enhance customer satisfaction bank focus upon providing qualitative support to its clients and make them grow. The factors those are derived out of correlation conclude that these variables namely Reliability and Responsiveness are highly correlated and bear strong relationship. The moderate relationship is observed in Credibility and accessibility low and very low relations are with communication and trustworthiness. The regression analysis studies the impact of these variables collectively and in majority of circumstances these variables contributes towards the development of customer relationship. Hence it is concluded that banks can only grow in the market if they provide accessibility and trustworthiness in the market as they are have weak impact. The bank is suggested to go to even at the suburb level so as to avail customer benefits.

11. SUGGESTION

The study suggested that selected agency must consider the importance of SERVAQUL Model to work efficiently and make its customers satisfied. Few grey areas need to be looked upon so as to capitalize the market segment. If they could do this it will create confidence among the customers and the bank can have better access and coverage to clients in the market. Depending upon the same it can be said that if HDFC and LIC Housing Finance Ltd can perform well they have a simplified financing and repayment system so that confidence in bank services can be developed.

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