



Title: A STUDY ON CUSTOMER PERCEPTION OF HOME LOANS IN LIFE COLOURFUL CHIT FUND PRIVATE LIMITED

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ABSTRACT

The house loans include home equity loans for buying a real estate property for residential purposes, loans for developing or renovating an existing house property and also mortgage loans against real estate property in Chennai Real estate mortgage in Chennai has fetched high loan values mainly due to the expensive land in the city.

The main objective of this study is to know the Customers Satisfaction about home loans in Life Colourful Chit Fund Private Limited. The secondary objectives are to understand the rating of the customers on the written materials received from the Life Colourful Chit Fund Private Limited, know the knowledge of customers about home loan products and services, assess the most attractive features of Home loans in Life Colourful Chit Fund Private Limited and to study the overall satisfaction level with the services provided by Life Colourful Chit Fund Private Limited.

The study is conducted in Chennai. This survey targets not only those who have existing plans to purchase home, but also who have no immediate plans, but may in the future. Loan officers basically works for banks, credit unions and other financial and savings institutions and they specialize in commercial, consumer or mortgage as per the officer job description. Commercial officers, as the name implies work with business to help them officers help individuals to get auto loans, personal loan, and home equity loans, mortgage loan officers offer guidance in refinancing an existing mortgage or to get fresh mortgage for buying commercial or residential property.

Keywords: Customer Perception, Customer Perceptions about Home Loan, Customer preferences

INTRODUCTION

Home loans in Chennai have augmented home ownership among the masses since housing finance required a bulk amount of money that is not possible for many people in India. Thus the banks and finance companies provide you with easily accessible housing loans. All leading banks and finance companies in India have their branch network spread across Chennai.

As one of the fastest growing city of the state and an IT hot spot, the property prices in Chennai have escalated to the level a person with moderate income finds it difficult to buy a built home or even a plot anywhere in the city. The prices are rising even more at an alarming rate making the situation worse for home buyers. In such a grim situation, housing loans are a glimmer of hope for the people who have no shelter of their own in the city. As the market is growing with the demands of easily available home loans, several banks have come up with their customized products to cater to the need of such people. Furthermore, the rules to get loans are gradually being simplified by leading banks to attract more customers. But what is more important is the curtailment of interest rate by significant margin and the availability of user friendly schemes to pay the loan amount in easy installments. Installments have to be paid on monthly basis.

OBJECTIVES

- ✓ To know the knowledge of customers about home loan products and services.
- ✓ To understand the rating of the customers on the written materials received from the Life Colourful Chit Fund Private Limited
- ✓ To assess the most attractive features of Home loans in Life Colourful Chit Fund Private Limited
- ✓ To study the problems faced by customers in obtaining the home loans.
- ✓ To study the overall satisfaction level with the services provided by Life Colourful Chit Fund Private Limited
- ✓ To provide suitable suggestions to improve the customer perception level for the home loans offered by Life Colourful Chit Fund Private Limited

Review of Literature:

John Melonakos (2007): In his study on - A Research Study of Customer Preferences in the Home Loans Market: The Mortgage Experience of Greek Bank Customers concluded that the important influential factors emerge, such as the various offers of banks, the bank's reputation, existing cooperation, as well as bank staff. Bank branches proved to continue constituting the primary distribution channel for mortgage products and services.

D. Regis Arunodayam and N. Thangavel (2007): In their study on - A study of the Housing Industry with special reference to the city of Chennai examined the developments in the housing finance in India in the early 21st century and the magnitude of the problem of housing in the country and the implication of housing policies.

Kirti Dutta and Anil Dutta (2009): In their study on - Customer Expectations and Fulfillment across the Indian Banking Industry and the Resultant Financial Implications have studied the expectations and perceptions of the consumers across the three banking sectors in India. It was found that in the banking sector it is the foreign banks which are perceived to be offering better quality of services followed by the private and then public banks and these perceptions are reflected in the financial performance of the banks also.

Rashmi Chaudhary and Yasmin Janjhua (2011): In their study on - Customer Perceptions and Fulfillment towards Home Loans found that the customers of the company were highly satisfied with the home loan services in relation to its services, transparency, time taken for loan approval, employee co-operation and query handling, prima facie of some problems like procedural delays, lack of knowledge and red-tapism.

Gupta and Sinha (2015) examine factors influencing the purchase of home loan are a low rate of interest, easy accessibility, the status/ reputation of the institution and scheme offered by the company and that these influence the selection of the housing finance institution.

Chithra and Muthurani (2015) conducted a study on customer perception towards home loan in H.D.F.C in Chennai with the 85-sample size. The study shows that H.D.F.C. bank home loans have a product portfolio for satisfying different consumer needs.

RESEARCH METHODOLOGY:-

Research methodology is a way to systematically show the research problem. It may be understood as a science of studying how research is done scientifically. It is necessary for the researcher to know not only the research methods but also the methodology.

- ✓ The process adopted for the project is exploratory & Descriptive research.
- ✓ Area of study is marketing management; the sample size is 120.
- ✓ The data collected has been analyzed through various statistical tools like Karl Pearson's Correlation, Chi-square test and One-way Anova test.

RESEARCH INSTRUMENTS

Research instrument are the instruments which is used for gathering or collecting information. The instruments used in the study are

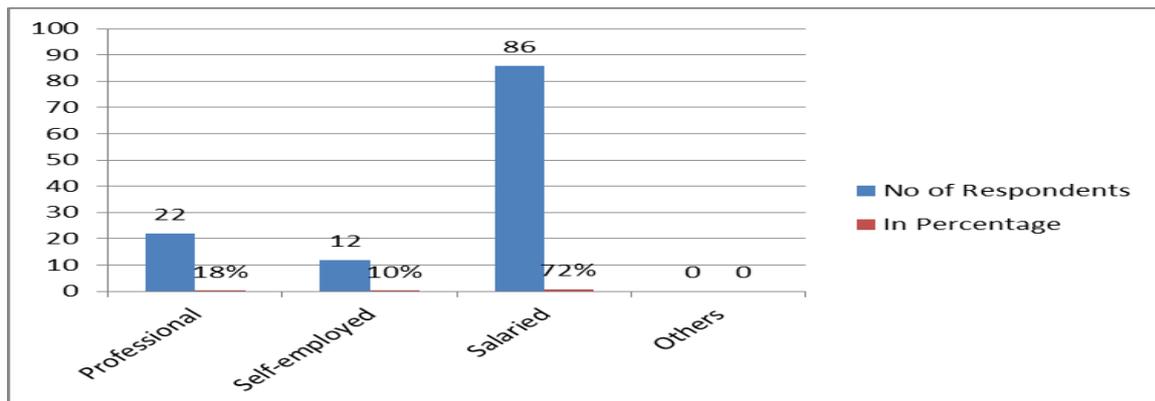
1. Direct questions
2. Close end questions
3. Dichotomous questions
4. Multiple choice questions

DATA ANALYSIS AND INTERPRETATION

Table-1- Occupation wise classification of respondents

Occupation	No of Respondents	In Percentage
Professional	22	18%
Self-employed	12	10%
Salaried	86	72%
Others	0	0
Total	120	100%

Chart-1 : Occupation wise classification of respondents



Inference:

Here, 72% of respondents interviewed are salaried, followed by 18% of respondents are professionals, and rest 10% customers are self employed.

Table-2- Income group wise classification of respondents

Income	No of Respondents	In Percentage
Below 5 lacs	28	23%
5 – 10 lacs	52	43%
10 – 20 lacs	32	27%
Above 20 lacs	8	7%
Total	120	100%

Inference:

43% of respondents are from the income group of 5 lacs to 10lacs, followed by 27% of respondents from the income group of 10lacs to 20 lacs. And rest 23% and 7% of respondents are from the income group of below 5 lacs and above 20 lacs respectively.

Table-2- Income group wise classification of respondents

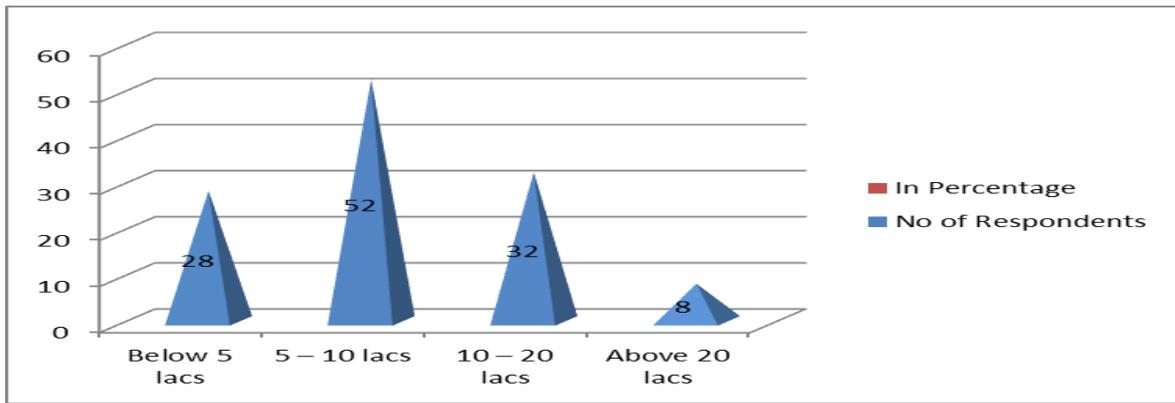


Table-3- Most Popular Financial Institutions

Bank/financial institutions	No of Respondents	Percentage
SBI	22	18%
IDBI	6	5%
Life Colourful Chit Fund Private Limited	20	17%
ICICI	39	33%
HDFC	14	12%
Others	18	15%
Total	120	100%

Inference:

From the above table can see that ICICI Bank is considered as most Popular Financial Institution, 33% of respondents gave highest Rank. Followed by that SBI also considered as popular Institution, 17% of respondents considered it as 2nd most popular and Life Colourful Chit Fund Private Limited also a best Institution in the customer point of view it has got 12% of respondents.

Chart-3- Most Popular Financial Institutions

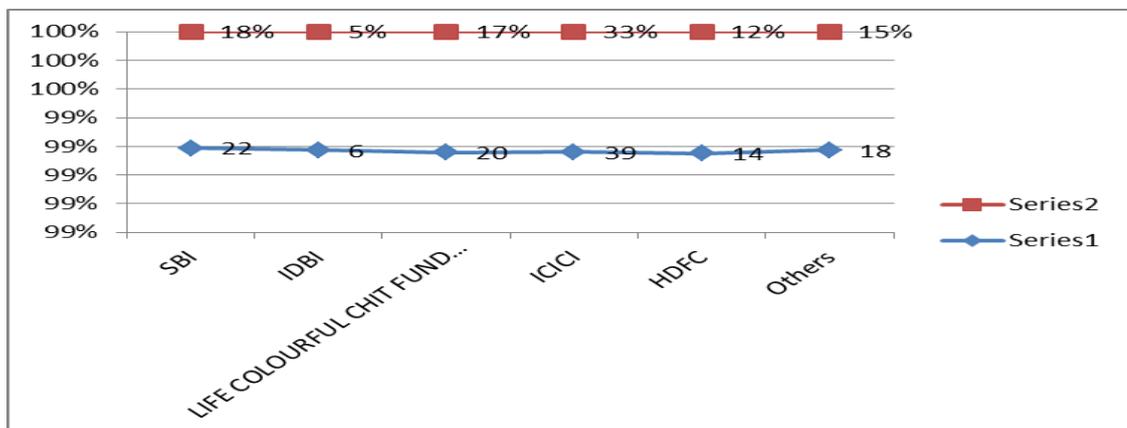


Table-4 - Percentage of Availing of home loan before from other banks

Home loan taken before	Number of respondents	Percentage
Yes	72	60%
No	48	40%
Total	120	100%

Inference:

From the above chart and graph can see that 60% of respondents availed loan before from other banks, and rest 40% didn't take any kind of home loan before. Here most of the respondents availed before from other Banks then also considered to avail loan In Life Colourful Chit Fund Private Limited because of attractive Features in Life Colourful Chit Fund Private Limited.

Table-4 - Percentage of Availing of home loan before from other bank

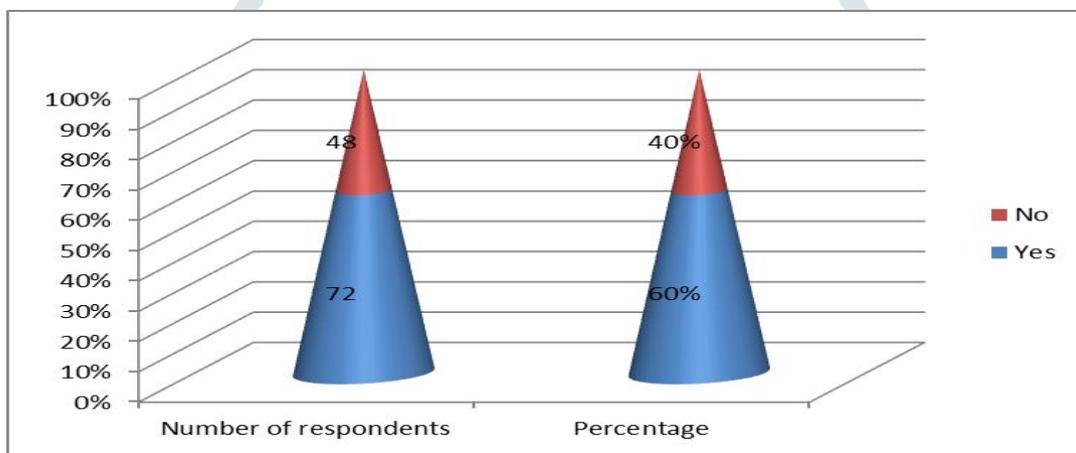


Table-5- Consideration of other banks / Financial Institution

Alternative banks	No. of Respondents	Percentage (%)
SBI	10	8%
Life Colourful Chit Fund Private Limited	18	15%
ICICI	12	10%
Life Colourful Chit Fund Private Limited	46	38%
HSBC	12	10%
Axis	6	5%
IDBI	4	4%
Others	12	10%
Total	120	100%

Inference:

From the Table No 13, can analyze that 38% of respondents considered Life Colourful Chit Fund Private Limited as the best institution to Opt Home Loans. And followed by that 15% of respondents said that

Life Colourful Chit Fund Private Limited is best Institution for home loans and also HSBC, ICICI have got 10% of customer respondents as best Institutions.

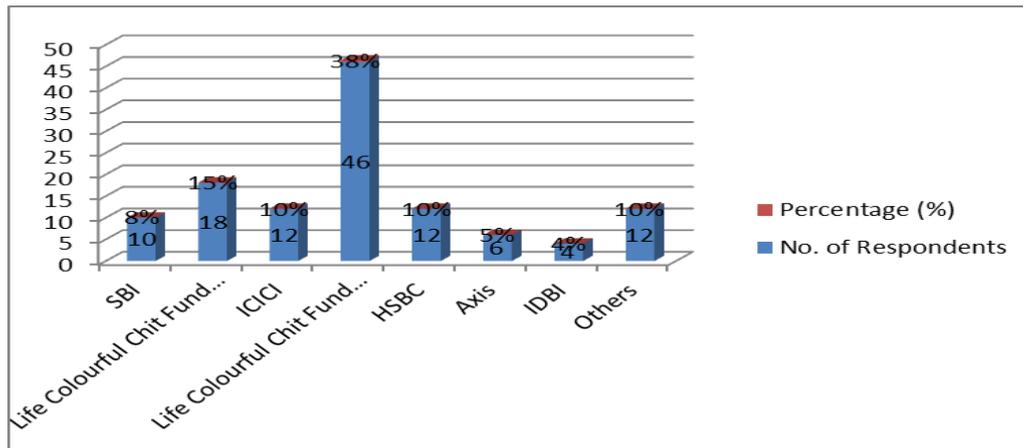


Table-6- Aailed Loan Amount

Loan Amount	No of Respondents	Percentage
8o- 10 lacs	10	8%
10 – 20 lacs	48	40%
20 – 40 lacs	51	43%
40 – 80 lacs	6	5%
Above 80 lacs	5	4%
Total	120	100%

Interpretation:

From the above Table and Graph can see that, out of 100 customers 43% of respondents availed loan for 20 to 40 lacs .Following to that 40% respondent are availed for the amount of 10 to 20 lacs.

Chart-6- Aailed Loan Amount

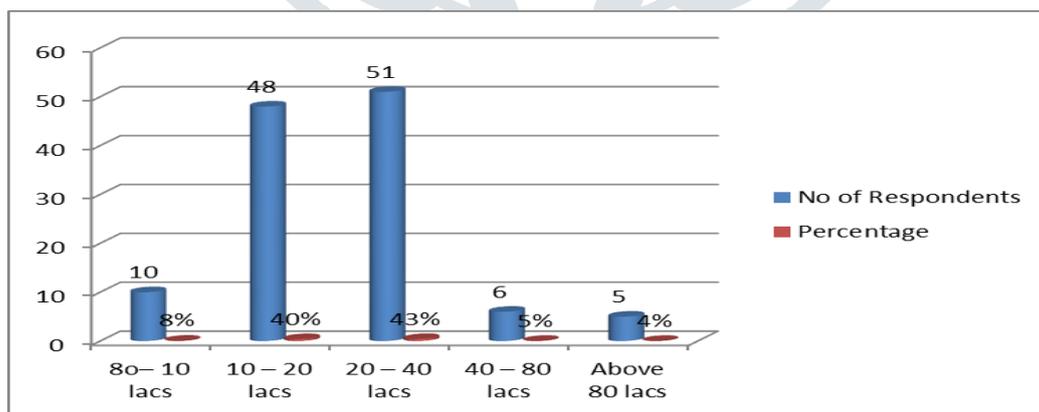


Table-7- Customers Satisfaction about service provided

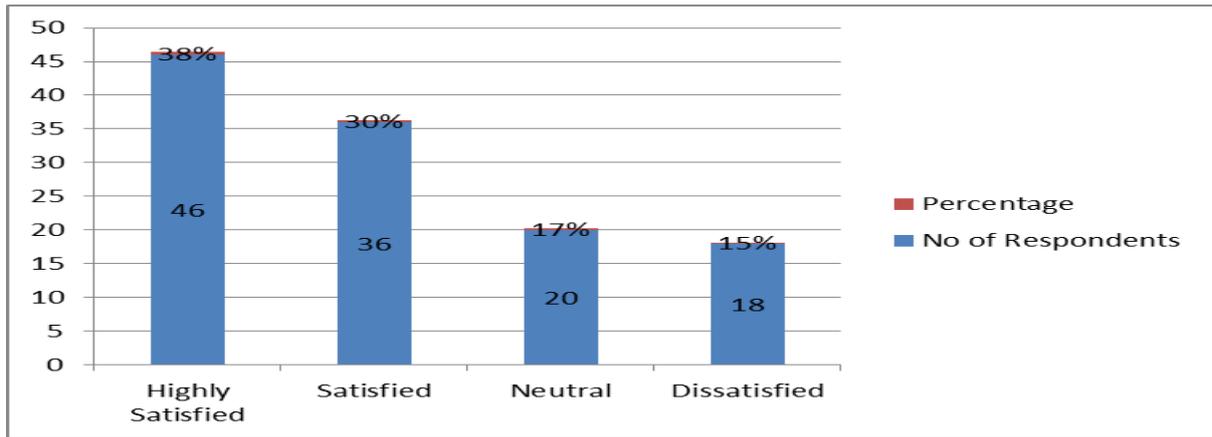
Scale	No of Respondents	Percentage
Highly Satisfied	46	38%
Satisfied	36	30%
Neutral	20	17%

Dissatisfied	18	15%
Total	120	100%

Inference:

38% of respondent noted that they were highly satisfied with the service given by the company. Following to that 30% of respondents are satisfied with the service. But 15% of respondents are dissatisfied from the service given by the company. This indicates that there is still more room for improvement.

Chart-7- Customers Satisfaction about service provided



STATISTICAL TOOLS AND ANALYSIS

CHI- SQUARE TEST I – (ψ^2)

Chi-square is the sum of the squared difference observed (o) and the expected (e) data (or the deviation, d), divided by the expected data in all possible categories.

Null hypothesis (Ho):

There is no relationship between the Income group and Consideration of other banks or Financial Institution.

Alternate hypothesis (H1):

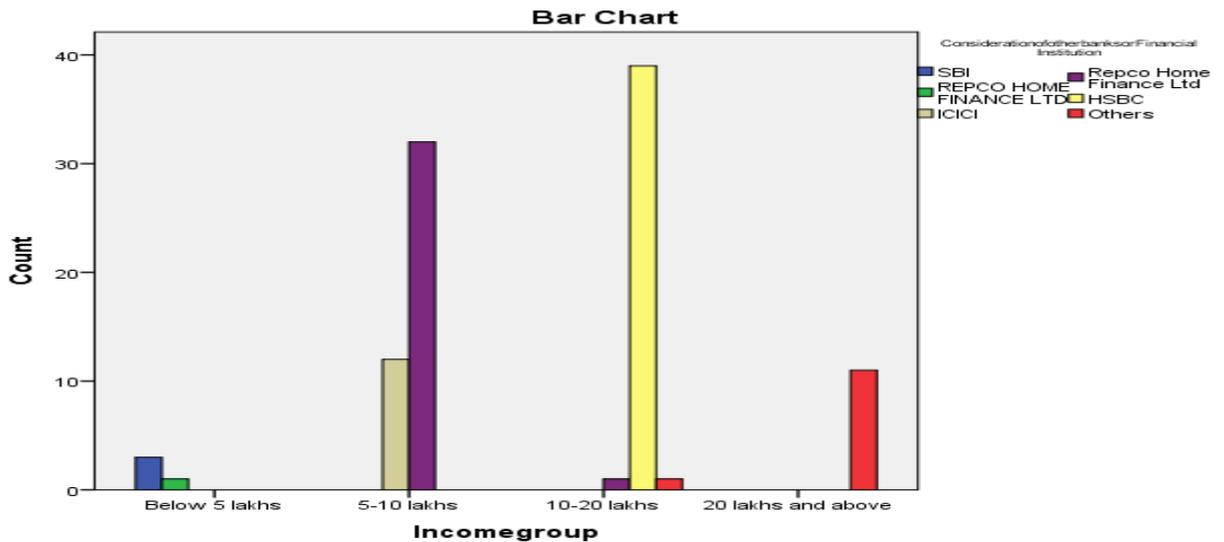
There is relationship between the Income group and Consideration of other banks or Financial Institution.

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Income group * Consideration of other banks or Financial Institution	120	100.0%	120	100.0%	120	100.0%

Income group * Consideration of other banks or Financial Institution Cross tabulation									
			Consideration of other banks or Financial Institution						Total
			SBI	Life Colourful Chit Fund Private Limited	ICICI	Life Colourful Chit Fund Private Limited	HSBC	Others	
Income group	Below 5 lakhs	Count	4	1	0	0	0	0	5
		% within Income group	75.0%	25.0%	0.0%	0.0%	0.0%	0.0%	100.0%
		% within Consideration of other banks or Financial Institution	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	4.0%
		% of Total	3.0%	1.0%	0.0%	0.0%	0.0%	0.0%	4.0%
	5-10 lakhs	Count	0	0	14	39	0	0	53
		% within Income group	0.0%	0.0%	27.3%	72.7%	0.0%	0.0%	100.0%
		% within Consideration of other banks or Financial Institution	0.0%	0.0%	100.0%	97.0%	0.0%	0.0%	44.0%
		% of Total	0.0%	0.0%	12.0%	32.0%	0.0%	0.0%	44.0%
	10-20 lakhs	Count	0	0	0	1	47	1	49
		% within Income group	0.0%	0.0%	0.0%	2.4%	95.1%	2.4%	100.0%
		% within Consideration of other banks or Financial Institution	0.0%	0.0%	0.0%	3.0%	100.0%	8.3%	41.0%
		% of Total	0.0%	0.0%	0.0%	1.0%	39.0%	1.0%	41.0%
	20 lakhs and above	Count	0	0	0	0	0	13	13
		% within Income group	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
		% within Consideration of other banks or Financial Institution	0.0%	0.0%	0.0%	0.0%	0.0%	91.7%	11.0%
		% of Total	0.0%	0.0%	0.0%	0.0%	0.0%	11.0%	11.0%
	Total	Count	4	1	14	40	47	14	120
		% within Income group	3.0%	1.0%	12.0%	33.0%	39.0%	12.0%	100.0%
		% within Consideration of other banks or Financial Institution	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	3.0%	1.0%	12.0%	33.0%	39.0%	12.0%	100.0%

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	284.862 ^a	15	.000
Likelihood Ratio	203.822	15	.000
Linear-by-Linear Association	85.183	1	.000
N of Valid Cases	120		

a. 18 cells (75.0%) have expected count less than 5. The minimum expected count is .04.



Degree of Freedom= (r-1) *(c-1)

$$= 3*5= 15$$

Calculated value = 284.862

Tabulated value = 7.261

Z = Z cal > Z tab

$$Z= 284.862 > 7.261$$

Hence, the Alternate hypothesis [H1] is accepted

INFERENCE:

Since the calculated value is greater than the tabulated value, we accept the alternate hypothesis and hence there is a relationship between the Income group and Consideration of other banks or Financial Institution.

FINDINGS

- ✓ 43% of respondents are from the income group of 5 lacs to 10lacs
- ✓ Life Colourful Chit Fund Private Limited also a best Institution in the customer point of view it has got 12% of respondents.
- ✓ Most of the respondents availed before from other Banks then also considered to avail loan In Life Colourful Chit Fund Private Limited because of attractive Features in Life Colourful Chit Fund Private Limited.
- ✓ Life Colourful Chit Fund Private Limited is best Institution for home loans and also HSBC, ICICI have got 10% of customer respondents as best Institutions
- ✓ 43% of customer availed loan for the purpose of Purchase of new/Old dwelling unit
- ✓ 43% of respondents availed loan for 20 to 40 lacs
- ✓ 47% of the respondents were drawn to their respective company due to the alternative rate of interest and for the service given
- ✓ 38% of respondents have got information from newspaper, so here advertisement through news paper made a tremendous impact on customers.
- ✓ 30% of respondents are satisfied with the service.
- ✓ 52% of the respondents are satisfied. So company has to concentrate on the service of employees, it has to train them regarding interaction and for solution.

SUGGESTIONS

- Customer should treated well and create a good impression about the company since they are one channel trough which company can attract the new customers.
- Company should see through that the decision relating to the loan should be conveyed as early as possible to the customers.
- Advertisement is the main source which attracts the customers, so the company can use an effective advertisement to attract the customers, instead using advertisement only in newspaper, company should concentrate to give ads in television which will attracts customers more compare to other channels.
- Is better to reduce the Rate of Interest of home loans to compete with the other Banks/Institutions, because most of the Banks and Institutions have the same rate of interest except SBI, Canara Bank.
- Employees should have a good interaction, more cooperative and also should give prompt service to the customers.
- Company can give discount to the customers in interest rate and in insurance etc, it will create good image about the company in the mind of the customers.

CONCLUSION

The middle income segment is emerging as the largest consumer segment, so, more efforts should be directed towards drawing as many of the customers from that segment as possible. If possible, the loan scheme should be made more attractive from the middle income segments point of view.

Life Colourful Chit Fund Private Limited needs to ensure that low interest rate to the customers, and then it can focus on drawing in customers of other banks or institutions.

Advertisements definitely have an impact on the decisions of customers. An effective combination of visual and printed advertisement is essential to grab the attention of the potential customers. Life Colourful Chit Fund Private Limited needs to make more of an effort to attract the masses through these means.

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