



A STUDY ON CUSTOMER PERCEPTION TOWARDS HOUSING LOAN FACILITIES PROVIDED BY PUBLIC SECTOR & PRIVATE SECTOR BANKS IN MADURAI CITY

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ABSTRACT:

The housing loan plays a crucial role in the overall economic development, and understanding customer preferences and satisfaction is vital for both sectors to enhance their services. The comparative analysis of customer perceptions regarding housing loan facilities provided by public sector and private sector banks in Madurai City. The housing loan market in India has witnessed significant growth, with both public and private sector banks vying for market share. Understanding customer perceptions towards these offerings is crucial for both sectors to tailor their services effectively. Furthermore, the study highlights areas where public sector banks excel in comparison to private sector banks, and vice versa. These insights are essential for banks to identify areas for improvement and capitalize on their strengths to better serve their customers.

KEYWORDS:

CUSTOMER PREFERENCES, HOME LOAN SCHEMES, GROWTH, STABILITY, FEASIBILITY

1.1 INTRODUCTION

India's banking sectors constantly growing; there has been a noticeable change in transactions through ATMs, and also internet and mobile banking. Following the passing of the Banking Laws (Amendment) Bill by the Indian Parliament in 2012, the landscape of the banking industry began to change. The bill allows the Reserve Bank of India (RBI) to make final guidelines on issuing new licenses, which could lead to increase the banks in the country. Some banks have already received licenses from the government, and the RBI's new norms will provide incentives to banks to spot bad loans and take requisite action to keep rogue borrowers in check. Over the next decade, the banking sector is projected to create up to two million new jobs, driven by the efforts of the RBI and the Government of India to integrate financial services into rural areas. Also, the traditional way of operations will slowly give way to modern technology. Home is the most important human need, next only to food, clothing and shelter.

1.2 STATEMENT OF THE PROBLEM:

1. Diverse Customer Preferences: Madurai City presents a diverse demographic and economic landscape, and understanding the varied preferences of customers in terms of interest rates, loan terms, and other services is crucial for both public and private sector banks.
2. Competitive Dynamics: With increasing competition between public sector and private sector banks, it is essential to assess how each sector's housing loan facilities are perceived by customers. This is particularly important given the potential impact on market share and overall

industry competitiveness.

3. Service Quality and Efficiency: Factors such as loan processing time, customer service quality, and transparency in dealings are critical aspects influencing customer satisfaction. Evaluating how these factors differ between public and private sector banks will shed light on areas for improvement.

1.3 REVIEW OF LITERATURE:

Various studies have explored customer perception within the banking sector.

Kumar and Dash (2019) examined customer perceptions of service quality in public and private sector banks, finding that perception varied based on factors such as responsiveness, reliability, and assurance.

The housing loan facilities have highlighted the significance of interest rates, loan tenure, processing time, and customer service quality (Chakraborty & Mitra, 2018). These factors influence customer decisions and perceptions regarding housing loan.

Customer perceptions between public and private sector banks reveal contrasting findings. Ghosh and Pal (2017) noted that while public sector banks were perceived to be more reliable and trustworthy due to government backing, private sector banks are more customer oriented.

With the advent of technology in banking services, customer perception has been influenced by factors such as online banking platforms, mobile applications, and digital payment systems (Haque et al., 2020). Customers often evaluate banks convenience and technology.

1.4 OBJECTIVES OF THE STUDY:

The following objectives represent the whole of our research work.

1. To analyse the home loan schemes provided by private sector and public sector banks.
2. To analyse the impact of interest rates, loan processing time, and customer service on customer perception.
3. To study the problems faced by the customer in obtaining home loan.
4. To provide recommendations for both sectors to enhance their housing loan services based on customer feedback

1.5 RESEARCH DESIGN:

PRIMARY DATA:

This study has used primary data for collecting primary data for gathering essential information. A very much organized survey was dispersed to the individual in the form of Google forms. For this study primary data were collected from around the Madurai district.

The primary data were obtained through market survey by Questionnaire method in Madurai r

SECONDARY DATA:

Secondary data are those which have been already collected by someone else and which already had been passed through the statistical process. The secondary data was collected through web sites, books and magazines.

SAMPLE SIZE:

100 Samples were collected through questionnaires by Google forms and visiting banks customer

TOOLS USED FOR THE STUDY:

- Percentage Analysis
- Pie Chart
- Likert's scaling technique

The population being large and the time for the project are limited, urged choose techniques.

1.6 DATA ANALYSIS:

The data collected were categorized and tabulated. Various aspects of the themes under study and the observations made from the data were discussed in detail.

SIMPLE PERCENTAGE ANALYSIS:

Simple Percentage Analysis is used to indicate more clearly the relative size of two or more numbers. In the present study this analysis was made to determine the percentage of respondents falling under each category and to calculate the usage of various recruitment and selection methods.

$$\text{Simple percentage} = \frac{\text{No Of respondents}}{\text{Total no of respondents}} \times 100$$

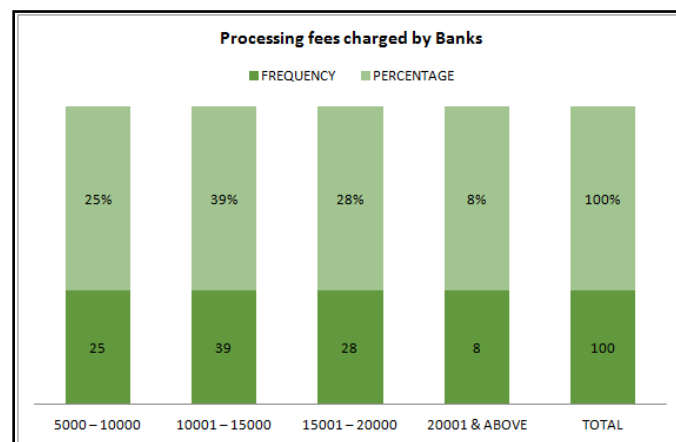
Likert scaling is a widely used technique in survey research to measure attitudes, opinions, and perceptions

of respondents. Named after its creator, Rensis Likert, who developed it in 1932, score values of 5,4,3,2,1 are given to categories scores obtained by the respondents is divided by the maximum possible scores secured and multiplied by 100

DATA ANALYSIS

1.6.1 RESPONSE TO PROCESSING FEES CHARGED BY BANKS ON HOUSING LOAN

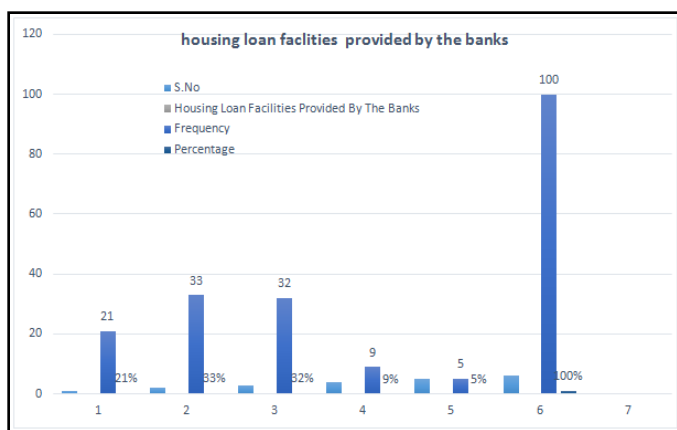
AMOUNT	NO. OF RESPONDENTS	PERCENTAGE
5000 – 10000	25	25
10001 – 15000	39	39
15001 – 20000	28	28
20001 & Above	8	8
Total	100	100



The above table shows that from the total respondents 25% have selected 5000 – 10000 processing fees charged by bank on loan, 39% of total respondents selected the option of 10001 – 15000 as processing fees charged on their loan, 28% of respondents selected the option of 15001 – 20000 as processing fees charged on their home loan and only 8% respondents selected The Option Of 20001 Above As Processing Fees Charged On Their Home loan.

1.6.2 HOUSING LOAN FACILITIES

HOUSING LOAN FACILITIES CHANNELS	NO. OF RESPONDENTS	PERCENTAGE
Advertisement	21	21
Word Of Mouth	33	33
Online Sources	32	32
Branch Visit	9	9
Others	5	5
Total	100	100



From the above table and chart 21% of respondents in advertisement, while 33% respondents of world of mouth, while 32% of respondents online sources, while 9% of branch visit, 5% of respondents others on housing loan facilities provided by the banks

1.6.3 HOME LOAN APPLICATION FORMS ARE EASY TO UNDERSTAND

THE APPLICATION FORM OF HOME LOAN IS EASY TO UNDERSTAND	NO. OF RESPONDENTS	WEIGHTED SCORES
Strongly Agree	33	165
Agree	26	104
Neutral	28	84
Disagree	10	20
Strongly Disagree	3	3
Total & weighted score	100	376

INTERPRETATION

Average weighted score = $376 / 100 = 3.76$

The average weighted score of 3.76 suggests that, on average, respondents perceive the home loan application form to be moderately easy to understand. While a significant portion of respondents either strongly agree or agree that the form is easy to understand, there is also a notable number of respondents who are neutral or disagree with this statement. This indicates that there may

be room for improvement in the clarity and simplicity of the home loan application form to better meet the needs of the customers

1.7 FINDINGS:

- It shows that 39% respondents pay processing fees between 10001 – 15000 while 28% respondents pay processing fees between 15001 – 20000, and 25% respondents pay between 5000 – 10000 and only 8% respondents pay processing fees more than 20000.
- The study shows that 33% of respondents are world of mouth, while 32% of respondents are of online sources, while 21% of respondents are advertisement, while 9% of respondents are branch visit, while 5% of respondents are others.

CONCLUSION:

Housing loans provided by public sector and private sector banks in Madurai City provides valuable insights for both sectors to understand customer preferences, address challenges, and enhance their services effectively. By leveraging these insights and implementing strategic improvements, banks can strengthen their market position and better serve the evolving needs of customers in the housing loan segment. This may include streamlining application processes, offering competitive interest rates, improving transparency in dealings, and enhancing customer service channels. rates, loan processing time, and customer service quality significantly influence customer perception. Public sector banks may excel in certain aspects such as stability and government backing, while private sector banks might offer more competitive interest rates and quicker loan

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