CHAPTER-2

REVIEW OF LITERATURE
The literature review is an integral part of the entire research process and makes a valuable contribution to almost every operational step. In the initial stages it helps us to find a theoretical roots to your study, clarify your ideas and develop your methodology however at the later stages of the research process it serves to consolidate your knowledge base and helps you to integrate your findings with the existing body of knowledge. Thus a literature review helps you to bring clarity and focus to your research problem, improve your methodology, broaden your knowledge base in your research area and contextualise your findings.

Reviewing the literature involves a number of steps: searching for existing literature in your area of study; reviewing the selected literature; using it to develop a theoretical framework from which the study emerges and also using it to develop a conceptual framework which becomes the basis of your investigation. The main sources of identifying literature are books and journals.

While reviewing the earlier studies a researcher has to state the objectives of the study, describe the concepts and definitions used, the methodology employed and the important findings and conclusions of the study. The researcher is supposed to make a critical review of methodology used by the earlier researcher of the methodology if any. The researcher should improve his methodology in light of this.

In the following paragraphs several similar studies undertaken earlier are reviewed keeping in mind, the following aspects: 1) The objectives, 2) Area of study with reference year, 3) Research methodology used and 4) Major findings and conclusions.

Anderson et al. (1976) and Laroche (1988), researchers of customer satisfaction underlying position are the customer benefits of convenience and
accessibility which are enabling factors that make it easy for the customer to do business with the bank. The bank’s ability to deliver these benefits on a continuing basis to its existing customers will probably impact on customer satisfaction.

Figures of surveys have also shown that the costs of acquiring a new customer are more expensive than retaining accessible ones. (Reichheld et al, 1990; Reichheld, 1996). Investments in customer satisfaction, customer relationships and service quality leads to profitability and market share (Rust and Zahorik, 1993). Customer satisfaction leads to customer loyalty and this leads to profitability (Hallowell, 1996). The costs of customer acquisition are much higher than the costs of retention (Reichheld and Sasser, 1990). Service quality is accepted as one of the basics of customer satisfaction (Parasuraman, Zeithaml and Berry, 1994).

The service management literature discuss that customer satisfaction is the outcome of a customer’s perception of the value received in a transaction or relationship – where value equals perceived service quality relative to price and customer acquisition costs (see: Blanchard and Galloway, 1994; Heskett et al., 1990) – relative to the value expected from transactions or relationships with competing vendors (Zeithaml et al., 1990).

Similarly, research literature has measured trust as a feature with a great influence on the degree of satisfaction at the level of the relationship between producers and consumers through distribution channels (Anderson and Narus, 1990).

Given that the customer complains, the bank’s response can guide to customer states ranging from dissatisfaction to satisfaction. In reality, anecdotal evidence suggests that when the service provider accepts responsibility and resolves the trouble, the customer becomes “bonded” to the business (Hart et al., 1990).

Reichheld and Sasser (1990) have recognized the benefits that customer retention delivers to a bank. For instance, the longer a customer stays with a bank the more utility the customer generates. This is a result of a number of factors relating to
the time the customer spends with a bank. These comprise the higher initial costs of introducing and attracting a new customer, increases in both the value and amount of purchases, the customer's better understanding of the bank, and positive word-of-mouth promotion.

**Fornell (1992),** in his research of Swedish consumers, observations that although customer satisfaction and quality become visible to be important for all companies, satisfaction is more important for loyalty in industries such as, insurance, automobiles, mail order and banks. It is generally accepted that customer satisfaction often depends on the quality of product or service contribution (Anderson and Sullivan, 1993).

**Parasuraman et al (1994),** match the point that service satisfaction and satisfaction with price were essentials in the overall satisfaction measurement. The measurements used in Hallowell’s survey were fairly comprehensive; concluding that all the basics measured had an impact on overall satisfaction. But the service features of branch, staff and information were established to be more significant.

**Levesque and McDougall (1996),** indicate that customer satisfaction and retention are critical for retail banks. They study the major determinants of customer satisfaction (situational factors, service quality, service features, and customer complaint handling), and future intentions in the retail bank sector.

**Study by Hallowell (1996),** moreover examined customer satisfaction but in relation to loyalty. Conversely, Levesque and McDougall (1996) comprehensively analyzed the effects of service quality, service features and customer complaint handling on customer satisfaction in the Canadian retail banking sector. Their result proposes that satisfaction determinants in retail banking are driven by an amount of factors including service quality dimensions.

**Levesque and McDougall (1996),** comprehensively analyzed the effects of customer complaint handling, service quality, and service features on customer
satisfaction in the Canadian retail banking sector. Their result recommends that satisfaction determinants in retail banking are driven by an amount of factors including service quality dimensions. Key variables explain customer satisfaction in the service quality domain were – core and relational performance, problem encountered and satisfaction with problem recovery. The provider's contribution can also be expected to affect customer satisfaction (overall) and continuing patronage. Levesque’s and his colleagues (1996) survey indicated that the bank’s features (e.g. location), the competitiveness of the banks interest rates, the customers’ judgments about the bank employees’ skills and whether the customer was a borrower were all factors that drove customer satisfaction, while bank features and competitive interest rates were important contributors. Conversely, this study did not categorically point out which had more influence; rather both core and relational issues were categorized as one for retail banks to consider when satisfying customers.

**Press (1997),** noted that the issues most highly linked to overall satisfaction involve complaint management. Efficiently handling problems, being attentive to concerns, and being capable to resolve troubles over the telephone emerged as critically vital to bank customer satisfaction.

In the year 2000, the Cruickshank Report was unveiled (Cruikshank, 2000). The Report categorically acknowledged that service quality was low in retail banking in the UK, implying low customer satisfaction. Arising partly from the conclusion of the Cruickshank Report and the fact that a large-scale study on customer satisfaction in the retail banking sector in UK is scant and examined.

**Dubovski (2001),** described a multi-phases model of consumer’s buying decision and the task of customer satisfaction in achieving business excellence. The writer indicated that existing studies confirm important connection between satisfaction levels, on one side, and repeated buying, greater brand loyalty and spreading a positive view of the product, on the other side.
Jamal and Naser (2002), propose that customer satisfaction is based not only on the decision of customers towards the reliability of the delivered service, but also on customers’ experiences with the service delivery method.

Dove and Robinson’s (2002), study indicated that banking customers have much superior satisfaction levels when they believe their troubles with the bank have been resolved.

Solomon Michael R (2011), Consumer behaviour is more than buying things. It embraces the study of how having(or not having) things affect our lives and how our possessions influence the way we feel about ourselves and about each other our state of being. This explains wheel of consumer behaviour to underscore the complex and often inseparable interrelationships between the individual consumer and his her social realities.

Schiffman Leon G, Kanuk Leslie lazar and Kumar S Ramesh (2011), customer satisfaction is the individual consumer’s perception of the performance of the product or service in relation to his or her expectations. A customer whose experience falls below expectations will be dissatisfied.

A strategy of customer retention is thus designed to make it in the best interests of the customers to stay with the company rather than switch to another company. In almost all business situations, it is more expensive to secure new customers than to keep existing ones. Studies have shown that small reductions in customer defections produce significant increase in profits. Loyal customers buy more products and are less price sensitive. Loyal customers also spread the positive word of mouth.

Jaco Melissa B. (2002), concluded that public investment in and promotion of homeownership and the home mortgage market often relies on three justifications to supplement shelter goals:

To build household wealth and economic self-sufficiency, to generate positive socialpsychological states, and to develop stable neighborhoods and communities.
Home ownership and mortgage obligations do not inherently further these objectives, however and sometimes undermine them. The most visible triggers of the recent surge in subprime delinquency have produced calls for emergency foreclosure avoidance interventions (as well as front-end regulatory fixes). Whatever their merit, she contend that a system of mortgage delinquency management should be an enduring component of housing policy.

Furtherance of housing and household policy objectives hinges in part. On the conditions under which homeownership is obtained, maintained, leveraged, and in some situations exited. Given that high leverage or trigger events such as job loss and medical problems play significant roles in mortgage delinquency independent of loan terms, better origination practices cannot eliminate the need for delinquency management. In terms of analyzing this framework, it is tempting to focus on its impact on mortgage credit cost and access or on the absolute number of homes temporarily saved, but her proposed analysis is based on whether the system honors and furthers the goals of wealth building, positive social psychological states, and community development. Because those ends are not inexorably linked to ownership generally or owning a particular home, a system of delinquency management that honors these objectives should strive to provide fair, transparent, humane, and predictable strategies for home exit as well as for home retention.

M. Mahadeva (2004), in his article, the author has analysed the nature and distribution of the housing problem in Karnataka and examined how the state has addressed this issue. In particular, it considers the strategies adopted during the 90s and identifies a number of failures including the task force on housing. Some of the major weaknesses, pertaining to incidence by type and by rural-urban areas, on approaches, on financial requirements and issue of development and redevelopment are examined to propose alternative policy strategies to effectively address the housing problem in the state. From the analysis it is found that Karnataka is not an exception to the general rule
that housing strategies, which were evolved over decades, have not taken the direction expected. By and large, the sectoral policies pursued were only ad hoc without a clear focus. Lack of comprehensive policy to guide housing development on equity principle together with ad hoc approaches, have failed to deliver housing benefits and develop critical housing inputs on a sound footing with equal opportunities for all need based policy interventions hassle free input delivery mechanism existing housing shortage and rural-urban disparities substantially. Unfortunately, this did not happen. Thus, policy issues like what policies are needed for the state of Karnataka to guide housing development, increasing the housing supply to the poorer and marginalized sections, mobilizing the needed financial resources and a host of other issues in addressing the housing problem emerge.

Brar Jasmindeep et al. (2005), the objectives of this study were: to study the operational performance, and the financial performance of the selected institutions. The study covers three institutions viz. HDFC, LIC & PNB. The study is based on secondary data that have been collected from the annual reports and web sites of the institutions selected under study. It covers the period from 1990-91 to 2002-03. The performance of the selected institutions has been studied by using percentages, compound growths rates and various ratios.

Findings of the study are:

- HDFC comes at the top among all the institutions as far as loan sanctioned, disbursements and the loan outstanding are concerned, PNB has the last rank for both loans sanctioned and disbursed. However, the compound growth rate for the loan sanctioned, disbursement and outstanding has been highest in the case of LICHF. It stood at 26.49%, 30.89%, 36.16%. Against PNB showed the lowest compound growth rates of 18.62% and 19.90%, for the loan sanctioned and disbursement over the same period. However, the compound growth rate of the loan outstanding in the case of PNBHF was higher than the growth rate of HDFC.
The ratio of loan disbursed to loan sanctioned shows that the ratio of PNBHF showed the highest variations from 53.37% to 96.52 % over the given period, followed by LICHF for which the ratio varied from 56.88% to 95.65%. On the other hand, the ratio for HDFC showed the lowest range of variation from 81.07% to 88.19 in the same period.

Number of housing units assisted by the selected institutions and its percentage to the total units financed during the year showed that HDFC and PNBHF financed more than 64% and less than 3% of the total units financed during the entire period of the study, respectively.

HDFC has provided the highest proportion of loans to individuals. The highest variation in the composition of loan outstanding has been in the PNBHF. The loan outstanding to individuals in the case of HDFC ranged from 66.89% to 81.99% whereas it ranged from 89.58% to 100% for LICHF for the same period.

HDFC has been a major market share holder among the HFIs selected under study. PNBHF has disbursed less than 4% of the total loan disbursed by HFIs.

It is found that during almost all the years under study, all the HFCs earned more than 80% of their interest income from the interest on housing loans.

LICHF earned the maximum proportion of total income from the interest on housing loans. It was followed by PNBHF and HDFC.

As far as ratio of interest expense to total expenses is concerned, it ranged from 89.15% to 93.13% for HDFC over the period 1990-91 to 2002-03. It ranged from 65.74% to 92.45% for PNBHF and from 83.39% to 94.31% in case of LICHF over the same period.

PNBHF spent in the range of 0.63% to 4.57% of the total expense on establishment over the period of the study which was the highest among all the
institutions. LICHF spent the lowest proportion ranging from 0.42% to 0.89% on establishment expenses during the same period and the ratio showed a declining trend in the case of HDFC cover the same period.

- The interest paid to loans funds showed much variation in the case of PNBHF. The ratio for HDFC increased in the initial period but decreased later on. Among all the institutions under study PNBHF paid the highest cost for raising loan funds.

Rao K. N. et al. (2005), in this paper the authors revealed that during 2002-03 housing loans by banks grew at a hefty growth rate of more than 100%. The factors that contributed to this aggressive growth in the portfolio of housing loans of banks and HFC are: Tax intensives on repayment of principal and interest, rising income level of middle class, falling interest rate, stable real estate prices, easy availability of housing loans, low returns on the investment opportunities available in the market. They also concluded that although there is strong growth in housing loans by financial situations in India, we are still behind the developed countries in terms of housing loans to GDP ratio. In India it is around 2.5% compared to 57% in the UK and 54% in the US. It shows that there is a vast scope for housing loans in India. One economist has argued that every rupee spent on the housing sector will increase the GDP by more than 75 paise. It also creates a labour intensive.

Despite the immense growth in housing loans there are certain challenges that the banks might face in the time to come, e.g. falling rate of interest, rising mismatch in the assets and liabilities of the bank, rising NPA in the housing loan portfolio, etc.

Phogat M. (2006), this article gives the measures for the housing loan frauds in banks. The author concluded that housing for all envisaged 2 million houses every year out of which 0.7 million are in the urban sector. Government provided certain relief under Income Tax Act. It motivated many people to avail housing loan. The author thinks that different frauds committed on various banks can be divided into the
following two categories, i.e. Pre sanction and Post Sanction. KYC related due
weakness in pre inspection, Benami A/c, forged title deeds, by selling same flat to
different people, inflated salary certificate, filing of IT return for the last three years in
one lot and particularly by paying a nominal amount of tax, valuation of the property is
manipulated to manage margin money are post sanction fraud.

The precautions may be taken at the bank level to avoid the assurance of fraud
i.e. KYC norms be followed, main salary A/c should be verified, loan should be
granted against the flat / houses built by reputed builders only. An undertaking from the
builders for not been sold to any other person, search report of property to be conducted
by the advocate, original title deeds, property tax, electricity bill, kept on records.
Disbursement of loan should be made after spot verification, title deed should be
scanned through ultra violet ray machines before mortgage and bank should
independently verify the report and no middle man should be involved in the process
and entire KYC. So the author points out that above mentioned precautions will enable
the bankers to curb frauds and public money can be saved.

Rao K.N. (2006), in this paper he discusses the global perspective in housing.
According to Rao, housing finance is a long term proposition involving many risks for
the lenders, borrowers and even for the economy in general. As housing finance is a
long term game, it requires proper asset-liability management strategy, the borrowers
also face interest rate risk, especially when they are locked in fixed rates when interest
rates are falling and floating rates are rising. The author mentions in this article that
home loans have been registering exponential growth in India during the last six years.
Easy liquidity conditions, low interest rates, availability of tax shelters on repayment of
principal and interest surging demand from middle income group borrowers, lower
regulatory capital, the comfort of tangible security have all collectivity contributed to
the spurt in home loans. HDFC, ICICI and SBI are the major players in disbursement of
home loans. These banks sanction upto 85% of the cost of the property as home loan
for a maximum period of 20 to 30 years. In US, GSE that are instrumental in the high percentage of home ownership. These two enterprises enjoy implicit government guarantee and consequently raise long term funds globally at low interest. Consequently, the interest rates on home mortgage loans have become relatively cheaper and affordable for middle and low income groups. Europe has a very advanced mortgage market. In Italy foreclosure will fructify in 120 months whereas it takes just 6 months in Sweden and 9 months in the Netherland. Securitization route is employed by banks essentially to raise finance securitization process have given tremendous thrust to housing finance in countries like the US and Europe. It is a process of selling homogeneous loans for cash by the financing banks, to a special purpose vehicle. The SPV in turn collects money by selling bonds, which have the security backing in the form of home mortgages. Chinese banks do not have any significant exposure to housing loans.

Srinivas S.P. (2006), the study revealed that disbursement of home loan increased at increasing growth rate during the growth rate of disbursement in 2000-01 compared to the earlier year was 13.7% which increased up to 76% in 2002-03. The reasons behind the growth in housing loans are,

(i) Easy availability of housing loans
(ii) Growing population
(iii) Nuclear family system
(iv) Newer segments for finance
(v) Urbanization of Indian economy
(vi) Shortage of dwelling units
(vii) Declining of cost of house to income ratio etc and,
(viii) Tax benefits.
The study revealed that banks have also concentrated on housing loans because the housing loans are totally secured as the mortgage on the property securities the loan. Also the capital adequacy requirement for general lending is at 100% for housing loans. The processing and documentation of housing loan is very easy due to extensive utilization of technology. But there are also some common frauds occurring in housing finance like an individual’s inflate their income statement, manipulate the income tax returns, inflate the value property, lack of appraisal & follow up etc. The researcher has also explained the new concept of NPL (Non-performing loan). The housing finance has been associated very low risk. But empirical evidence suggest that non-performing loan in the Indian housing finance sector are much higher than in a developed market. NPL rise in India because of willing defaulters and an emerging population of fraudsters. This is also a reflection of industry’s aggressive marketing and some inadequacies in appraisal standards and system. Such high NPL have two-fold impact i.e. they depress yield and entail a credit cost in the form of provisioning and write-off. The researcher also found that the NPL of housing finance companies are higher than the banks. The suggestion given by researcher is that if the banks have not taken the prudential norms for housing loans they have to conduct recovery mela instead of present loan mela.

Singh Fulbag et al. (2006), in this paper, the authors have studied the housing finance in India in particular reference to LIC housing finance ltd. Housing, as one of the three basic needs of life, always remains on the top priority of any person, economy, government and society at large. In India, majority of the population lives in slums and shabby shelters in rural areas. From the last decade, the Government of India has been continuously trying to strengthen the housing sector by introducing various housing loan schemes for rural and urban population. The first attempt in this regard was the National Housing Policy (NHP), which was introduced in 1988. The National Housing Bank (NHB) was set up in 1988 as an apex institution for housing finance and a wholly-owned subsidiary of Reserve Bank of India (RBI). The main objective of the
bank is to promote and establish the housing financial institutions in the country as well as to provide refinance facilities to housing finance corporations and scheduled commercial banks. Moreover, for the salaried section, the tax rebates on housing loans have been introduced. The paper is based on the case study of LIC Housing Finance Ltd., which analyzes region-wise disbursements of individual house loans their portfolio amounts and the defaults for the last ten years, i.e., from 1995-96 to 2004-05 by working out relevant ratios in terms of percentage and the compound annual growth rates.

**Bhattacharjee K. (2007),** A reverse mortgage is a home equity loan offered to senior citizens that permits them to convert home equity into cash while they retain ownership. A reverse mortgage works like a traditional mortgage loan, only in reverse direction. A borrower does not make regular payments to a lender; instead he/she receives payments from the lender.

The first reverse mortgage loan launched by Dewan housing in 2006. Reverse mortgage product name was “Saksham”. Then ICICI and NHB launched a new product of reverse mortgage. Reverse mortgage can provide a valuable income source for seniors who own property but lack liquid assets. So it is mainly meant for home-rich senior citizens who are otherwise cash-poor. This is precisely the scenario where reverse mortgage products can be a boon to senior citizens and a business for the lenders.

**Sreelaxmi P. (2007),** the author stated that housing has always been an important agenda for the Government of India. It generates national income by creating employment and helps the individuals in their socio – economic development. It gives impetus to the economy by enhancing capacity utilization of related industries such as steel, cement, transportation, etc. The home loan sector in India is on a boom. The new class of young buyers, whose affordability is high, is spending a little more on paying EMI rather than spending huge amounts on the rents, thereby owning a house. The
government is also encouraging this sector by allowing tax benefits. The housing finance sector shows an exponential growth as compared to the other areas of credit. The annual growth rates (in %) of direct housing finance disbursals by the Primary Lending Institution during 2001-02, 2002-03, 2003-04 and 2004-05 were 25, 76, 29 and 32 respectively. While housing finance is experiencing exponential growths, the menace of bad loans cannot be ignored. These loans required better monitoring, fair assessment of property and compliance with end – use principles and because of the Securitizations Act, banks are now able to overcome the problem of non-performing Assets e.g. In 2004-05, percentage of NPA in housing finance was only 1.4 compared to 2.80% in case of banks’ total retail credit. Once the loan is sanctioned the job of the lender is not over. He has to exercise vigilance and monitor the payments of installments by the borrowers. It is advisable to make periodical review of the borrower’s financial position to ensure his capabilities of prompt payments of installments. The researchers suggest that the industry has been constructing stories on a safe foundation. It will continue to thrive so long as it plays safe averting NPAs. Necessary measures like takeover of bad loans, fair assessment of property and employee morale may be taken by the financial institution by improving their performance and avoiding NPAs.

**Bagchi S. (2008)** The author has analyzed the factors affecting risk and suggests that real estate financing will be the order of the day in a new age bank / Institution lending in the interest of the development of the country. Real estate financing is no longer “untouchable” as it used to be before 1990’s. It is also a fact that this sector contains a higher order risk of “default” and lower order scope of eventual recovery since the fate of real estate is interwoven with macro-economic fundamentals and volatility of asset prices. The researcher has given the following suggestions to avoid risk factors in real estate financing.

- Land records at the land registration offices have to be streamlined and brought under the contemporary technology support system.
• Bank/Financial institutions should create a special cadre of credit investigation offices who need to perform like private detectives to ascertain the track record of the borrowers.

• No loan/advance should be granted by way of equitable mortgage but a simplified registered mortgage system can be devised with provision for low registration fee for loans against any real estate.

• ‘Title Insurance’ system should be devised to enable lenders to obtain insurance cover from any approved insurance company.

• At the Corporate head quarters of each banks/financial institution there should be a cell known as “Real Estate Financing Cell” which should be involved in the entire cycle starting with sanction and disbursement of such loan to periodical monitoring and recovery thereof.

Dinesha P. et al. (2008), the study is on Rural housing. The data released by the census of India on house, households, amenities and assets for 2001, indicate that total number of household in rural area is 138.27 million as against the availability of 135.05 millions house of which nearly 11.14 million house were non-serviceable kuchcha/temporary houses needing replacement. Thus, they consider the requirement of houses in rural area is about 14.6 million units. There is also regional imbalance in rural housing in India. Most of North Eastern states have achieved better performances in housing production and have successfully mitigated the problem of housing shortage to a very large extent. Apart from this, Tamilnadu, Bihar and Andhra Pradesh have also successfully mitigated the housing shortage programmes by 2001.

However, unfortunately housing problem has either become aggravated or has remained unchanged in states like Gujarat, Haryana, Himachal Pradesh, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Uttar Pradesh and West Bengal. Another serious dimension of housing problem is related to housing amenities like drinking water, sanitation, lighting and drainage connection. The number of rural
household deprived of all four amenities has increased from 73.1 to 78.5 million although the deprivation percentage was reduced to 56.80 from 65.53. Priority should be given to rural area while allocating resources as they represent country’s worst housing situation. Institutional finance at affordable rate is one of the prerequisites for accelerating the availability of housing finance. However government also adopted many strategies but it has not reached interior and most needy part of the country. So all-round efforts and developments as well as from people to achieve the goal of housing for every household with sustainable manner is the need of the hour.

Rajasekhar D. et al. (2008), the objective of the study was to analyse the trend in the growth and structure of LICHFL in Chennai city and to evaluate the relative performance of LICHFL in providing housing loans in Chennai city. One hundred respondents have been selected on the basis of random sampling technique. Researcher used conventional statistical tools like percentage and average for analyzing perception of the borrowers about the LICHFL.

Likert scaling test was used. The study revealed that in Chennai, 34% of the respondents have reported that the institution provides loan at low rate of interest, 33% have reported easy installments, 31% reported that they approached for simple procedure and formalities and only a negligible 2% of the respondent represents located near to their house. The other findings of the study are:

- 45% of the respondents have bought loan for purchase of house, 37% of have bought the loan for purchase of flat, 16% for construction of house and remaining 2% for other reasons.
- 93% of the sample respondents preferred the flexible type rate and 7% preferred fixed rate of interest.
- The researchers suggest that the deposit of title deed is the most required document at the time of getting loan from the institution. The study shows that 54%, 36% and 10% of the respondents preferred the repayable period of more
than 10 years, more than 15 years and more than 5 years respectively. So, the majority of the respondents preferred more than 10 year to settle their loan amount.

- 53%, 27% and 14% of the respondents were paying their loan amount through ECS, through postdated cheque and through the collecting bank respectively. So, it may be concluded from the above result that majority of the respondents preferred to pay their loan amount through the Electronic Clearing System.

- A large majority i.e. 75% of sample respondents reported that there is delay in sanction and disbursement of loan amount.

Ashok Kumar M. et al. (2009), the objective was to rank the banks on the basis of customers satisfaction and to find out the problems faced by the present day customers with the banker and to make suggestions for better working of the banking services. The study is restricted to Coimbatore headquarters only. Only 105 customers were considered as sample for the study which was conducted during the months of May and June, 2008. SBI and its associate bank were taken for the study. The findings of the study are:

- 42.86% of the respondents are in the age group of 31-40 years. 68-57% are married, 42.86% have post-graduate education, 36.19% are businessman, and 35.24% are employed. 37.14% respondent’s income range between 1,000 to 15,000.

- With infrastructure 51% of the respondents were found to be satisfied. With regard to location of the bank, 25% of their customers are highly satisfied.

- Regarding attitude of the bankers toward its customers, only 59% are found to be satisfied and only 6.7% were found to be highly satisfied.

- Regarding investment opportunities, 35% of the respondents are satisfied

- 16.19% of the respondents were dissatisfied regarding advice towards investment.
• 51% of the customers are satisfied with the banks the behaviour towards customers by the bank employees.

• Regarding Evening Banking services, phone banking services & Sunday banking services there were 33%, 18% and 11% dissatisfied customers respectively.

• With regards to the core banking service only 28.9% of the respondents were aware of the functioning of CBS, with regards to online banking services 70% and the functions of smart card, digital cash and e-purse 69% respondents are satisfied.

• 80% of the customers are satisfied with the proximity of the ATM.

• 41% are satisfied regarding the approach of banks towards redressal.

• Overall rate compared to age and income was found to be significant whereas rest of the factors considered do not have significant influence on the other. The researcher suggested that,
  
  – The facilities of the bank should be made more convenient for customer comforts.

  – The ATM services should be extended with few more cabins.

  – Customer meets should be organized at reasonable intervals so that they can establish better rapport with the customers and educate them about the latest advancement made in the bank.

  – Additional branches can be opened to reduce the burden of work on the existing branch.

  – The banks should improve the working performance of operations.

  
  Bagchi S. (2008), in his article talks about the multiple home loans, systemic gaps and measures to control the problem. Recent reports from various sources indicate that some home loan borrowers have been playing foul with banks in offering mortgage
of the same property to a number of banks by providing false ownership deeds/documents. Usually this type of fraud appears because Banks, generally, prefer to obtain simple deposit of title deeds i.e. (mortgage by deposit of title deeds) but it was found that title deeds of some property were offered by having multiple registrations of the property, false income details, credit officer not investigating properly borrower’s income level, genuineness of title deeds etc. Bank lending the loan before accepting mortgage of landed property as a security cover, title scrutiny and non-encumbrance report from bank’s approved lawyer. Generally, the lawyer goes through the ownership records of the house for the past 30 years and submits his reports but in practice, lawyers generally scrutinize only of photocopies of title deeds so, the recent incidents of fraudulent mortgage practices need to be dealt with firmly. For this purpose, an external protection for banks by way of title insurance is an immediate necessity. Skilled and experienced officials may be entrusted to handle home loan account. Only registered mortgage should be accepted.

In the light of increasing credit risk in home loan accounts, repayment period should not go beyond 10 / 12 years. If in the process, the quantum of loan is not found justified in consideration of income level, the applicant should go in for lower-cost home or alternatively raised unsecured funds. This is the suggestion made by Bagchi in his article. Safe, sound and healthy loan portfolio in a bank is the product of a robust credit risk management system duly aided / supported by regulatory supervision and control.

Chaubey M. (2009), the objectives of the study were:

(i) To Study the customer’s views on housing finance offered by HDFC in Varanasi, and

(ii) To know about the relative performance of HDFC in providing housing loans in city.
The sample of the study was selected on the basis of random sampling techniques. For analyzing the perception of the borrowers, Likert scaling test was used. The study reveals that,

- 42%, 32%, 22% and 4%, opted for loans because of low interest rate, easy installment scheme, simple procedure and other reasons respectively.
- 26%, 34%, 38%, and 2% respondents have borrowed loans for purchase of flats, purchase of house, construction of house and other reasons respectively.
- 100% respondents made the repayment in equated monthly installments.
- 43% respondents knew about the interest rate.
- 92% respondents preferred floating interest rates and 8% respondent preferred fixed interest rates.
- 72%, 18% and 10% respondents came to know about bank through print and electronic media, friends and relatives and Builders/Developers respectively.
- 50%, 24%, 20% and 86% respondents have reported of mortgage of finance through property, gold and others insurance policy equal to the loan sanctioned, deposit for the title deed and additional collateral security respectively.
- 58%, 28% and 14% respondents opted for more than 15 years, 5 years and 10 year as the term of loan, respectively.
- 40%, 38% and 18% respondents repaid their loan amount through postdated cheques, through ECS and through salary deduction and 4% were paying directly to the bank.
- 70% respondents agreed that there is a delay of loan approval that there is a delay of loan approval and disbursement.

The researcher suggested that,

- Option of repayment of EMI in monthly, quarterly or half yearly basis should be given.
• To win the confidence of customers and bring transparency in all the transactions, it is necessary that the details of their loans accounts should be available online.

• Most of the customers suggested that the loan processing / sanctioning time should be reduced.

• Customers suggested that the bank should provide online approval of application.

• As far as the opinion of respondents about various facilities and policies of the bank is concerned, it is found that:-
  – 72% of the respondents opined that the government is encouraging the housing sector
  – Only 50% said that the officials of the institutions were helpful.
  – Only 28% of them reported that they were getting entire cost of flat as a loan.
  – Only 40% of the respondents felt that rate of interest changed by the institutions is reasonable.
  – Only 42% of them were satisfied with the existing facilities for obtaining loan.
  – Above half of them (52%) stated that the loan also covered life or fire insurance benefit.
  – Only 42% reported that repayment period is adequate.
  – 48% respondents stated that they were regular in making prompt payments.

Thus, by and large, opinion of the respondent is not very much in favor of the institutions, because except in two cases in all the remaining cases a favorable opinion was expressed by less than 50%. Similarly, regarding various problems faced by the
customers, it was found that more than half of the respondents either strongly agreed or agreed with the statements about delay in approval and disbursement, inadequate guidelines, tedious procedure lack of interest on part of officials, difficulty in getting security, inconvenience in paying EMI, irrelevant securitization, illogical approach and insufficient amount sanctioned. Thus, majority of the respondent’s face most of the problems listed above.

Manoj P.K. (2010), he has examined the exact nature of housing microfinance in India, it’s problems and prospects and particularly deterrents to its growth, with a view to suggesting suitable remedial strategies for its faster development; based on an empirical study of “Bhavashree”. The Objectives of this study were:

- To make an overall study of the housing microfinance initiatives the world over their performance track record, trends and patterns.

- The study is based on primary and secondary data. Primary data were collected using two separate interview schedule viz. for the ‘Bhavanashree’ beneficiary and respective bankers for the ‘Bhavanashree’ unit concerned. Secondary data were collected from various publications. This study concluded that in spite of various shortcomings of the housing microfinance scheme ‘Bhavanashree’ sponsored by the Government of Kerala, has got immense potential to come up if suitable strategies are adopted. Due to the wide range of microfinance activities currently being undertaken by ‘Kudumbashree’ and the excellent nexus with banks, initiating productive housing scheme and obtaining better terms from banks like fixed rate loans appear to be quite feasible.

Vetrivel T. (2010), the objectives of the study were:

- To know the overall satisfaction and dissatisfaction levels of bank customers with respect to four-dimensional banking services – Loan services, deposit scheme services, Insurance services and value added services.
To know the customer’s opinion and preferences about various supporting factors of four dimensional banking services.

For this purpose, 300 customers of two major cities of Coimbatore and Erode were selected at random and the study period was for nine months. (August 2009 to April 2010). Chi-square test was used to analyze the data.

The important findings of the studies were:

- As far as overall satisfaction is concerned out of the 172 bank loan customers i.e. 50% of customers were satisfied and the remaining 50% dissatisfied due to poor services, penalties for late payment, fear of threats, interest rate confusion, hidden cost, unknown deduction etc.

- Overall satisfaction on bank deposit schemes resulted positively.

- Banking insurance services still need to be given attention by focusing on customer issues.

The study reveals that new innovative schemes, strategies to cater to non-users of insurance services have to be adopted, in value-added services. Customers preference for net banking was least ranked and if the bankers wish to increase net banking traffic, bankers should take maximum efforts to educate the consumers by offering online training instead of handing out instruction manuals. The researchers suggest that if the banks want to sustain customers on a long-term basis, bankers should work towards full customer satisfaction.