ANALYSIS OF SELECTED HOUSING FINANCE BANKS (HFBs) AND CUSTOMER’S SATISFACTION

During survey it was found that at present 22 state bank & Associates and Nationalized banks and a total of 7 private sector banks are functioning in district Meerut with a branch network of 205 and 15 respectively. For the sake of sharp comparison, in the present study four banks operating in Meerut district have been selected, two of which are nationalized banks that are Allahabad banks and Punjab National banks, rest two are private sector banks that are HDFC bank and ICICI bank.

6.1 PROFILE OF SELECTED HOUSING FINANCE BANKS

Before we study the contribution of selected housing finance banks in providing housing finance in district Meerut, we should analyze, in brief the profile of these selected housing finance banks.

PROFILE OF ALLAHABAD BANK

Allahabad Bank was founded in April 24th of the year 1865 at the confluence city of Allahabad by a group of Europeans. The Head Office of the Bank was shifted to Calcutta on business considerations during the year of 1923. The Bank crossed its Century Year in 1965. In July 19th of the year 1969, Allahabad Bank was nationalized (with 151Branches - Rs. 119 crore of Deposits and Rs. 82 crore of Advances) along with 13 other banks. United Industrial Bank Ltd. was merged with the bank in October of the year 1989. Allahabad Bank offering banking products and services to Corporate and Commercial customers and Retail customers. The Bank
particularly focuses on the retail banking while serving all sectors of the Indian economy. Bank’s operations for Corporate and Commercial customers cater to large corporate customers as well as to small and middle market businesses and Government entities.

ORGANIZATIONAL STRUCTURE

At present Shri J.P. Dua is the Chairman and Managing Director of the bank while Shri D. Sarkar and Shri M. R. Nayak are the Executive Directors. Dr. Shashank Saksena is the Government Nominee Director while Shri A. Udgata is the RBI Nominee Director. Shri Rajesh M. Chaturvedi is Chartered Accountant Director and Shri Gour Das is Workmen Employee Director. Shri Nirmal Kumar is Officer Employee Director and Shri Deveshwar Narain Sing is working as part-time Non-official Director, of the bank.

PROFILE OF PUNJAB NATIONAL BANK

Punjab National Bank was established by Lala Lajpat Rai in the pre-independent India in 1895 in Punjab, with Lahore as its head office. It was nationalized in 1969 along with 13 other major commercial banks. The profile of the PNB shows superior banking service in corporate, personal and international banking, industrial and agricultural finance and finance of trade. PNB boasts of a varied clientele consisting of small and medium industrial units, exporters, multinational companies, Indian conglomerates and NRI. PNB was the first Indian bank to have been started with Indian capital. PNB has achieved significant growth in business which at the end of March 2010 amounted to Rs 435931 crore. Today, with assets of more than Rs 2,96,633 crore, PNB is ranked as the 3rd largest bank in the country (after SBI and ICICI Bank) and has the 2nd
largest network of branches (5002 offices including 5 overseas branches). The performance highlights of the bank in terms of business and profit are shown in the table No. 6.1.

**TABLE No. 6.1**

**PERFORMANCE HIGHLIGHTS OF THE PUNJAB NATIONAL BANK**

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Mar'08</th>
<th>Mar'09</th>
<th>Mar'10</th>
<th>CAGR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Profit</td>
<td>4006</td>
<td>5744</td>
<td>7326</td>
<td>22.29</td>
</tr>
<tr>
<td>Net Profit</td>
<td>2049</td>
<td>3091</td>
<td>3905</td>
<td>23.98</td>
</tr>
<tr>
<td>Deposit</td>
<td>166457</td>
<td>209760</td>
<td>249330</td>
<td>14.42</td>
</tr>
<tr>
<td>Advance</td>
<td>119502</td>
<td>154703</td>
<td>186601</td>
<td>16.01</td>
</tr>
<tr>
<td>Total Business</td>
<td>285959</td>
<td>364463</td>
<td>435931</td>
<td>15.09</td>
</tr>
</tbody>
</table>

*Source- www.pnb.com*

All branches of the Bank are under Core Banking Solution (CBS) since Dec’08, thus covering 100% of its business and providing ‘Anytime Anywhere’ banking facility to all customers including customers of more than 3000 rural & semi urban branches. The bank has also been offering Internet banking services to the customers of CBS branches like booking of tickets, payment of bills of utilities, purchase of airline tickets etc.

**ORGANIZATIONAL STRUCTURE**

Bank has its Corporate Office at New Delhi and supervises 58 Circle Offices under which the branches function. The delegation of powers is decentralized up to the branch level to facilitate quick decision
making. At present Shri K.R. Kamath is the Chairman & Managing Director of the board while Shri Rakesh Sethi and Smt. Usha Ananthasubramanian are the executive Director of the bank, Shri Anurag Jain is the Govt. of India Nominee Director while Shri Jasbir Singh is the Reserve Bank of India Nominee Director, Shri M.P. Singh is Workmen Employees Director, while Shri Predeep Kumar is Officer Director. Shri M. A. Antulay and Shri B. B. Choudhary are Working as Part–time non–official Director of the bank.

**HDFC BANK**

HDFC Bank Ltd. was incorporated in August 1994 in the name of 'HDFC Bank Limited’, with its registered office in Mumbai, India. HDFC Bank commenced operations as a Scheduled Commercial Bank in January 1995. HDFC Bank Ltd. was amongst the first to set up a bank in the private sector. HDFC is India's premier housing finance bank and enjoys an impeccable track record in India as well as in International markets. Since its inception in 1977, the Corporation has maintained a consistent and healthy growth in its operations to remain the market leader in mortgages. Its outstanding loan portfolio covers well over a million dwelling units.

HDFC has developed significant expertise in retail mortgage loans to different market segments and also has a large corporate client base for its housing related credit facilities. With its experience in the financial markets, a strong market reputation, large shareholder base and unique consumer franchise, HDFC was ideally positioned to promote a bank in the Indian environment in a milestone transaction in the Indian banking industry. HDFC Bank Limited (the Bank) is an India-based banking
company engaged in providing a range of banking and financial services, including commercial banking and treasury operations. The Bank has a network of 1412 branches and 3295 automated teller machines (ATMs) in 528 cities and total employees are 52687.

ORGANIZATIONAL STRUCTURE

Mr. C.M. Vasudev has been appointed as the Chairman of the Bank with effect from 6th July 2010. Mr. Vasudev has been a Director of the Bank since October 2006. A retired IAS officer, Mr. Vasudev had an illustrious career in the civil services and has held several key positions in India and overseas, including Finance Secretary, Government of India, Executive Director, World Bank and Government nominee on the Boards of many companies in the financial sector.

The Managing Director, Mr. Aditya Puri, has been a professional banker for over 25 years and before joining HDFC Bank in 1994 was heading Citibank's operations in Malaysia. The Bank's Board of Directors is composed of eminent individuals with a wealth of experience in public policy, administration, industry and commercial banking. Senior executives representing HDFC are also on the Board.

Senior banking professionals with substantial experience in India and abroad head various businesses and functions and report to the Managing Director. Given the professional expertise of the management team and the overall focus on recruiting and retaining the best talent in the industry, the bank believes that its people are of a significant competitive strength.
ICICI BANK

ICICI Bank is India's second-largest bank with total assets of Rs. 4,062.34 billion (US$ 91 billion) at March 31, 2011 and profit after tax Rs. 51.51 billion (US$ 1,155 million) for the year ended March 31, 2011. The Bank has a network of 2,552 branches and 7,440 ATMs in India, and has a presence in 19 countries, including India. ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry.

The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses. In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI become the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE.

In October 2001, the Boards of Directors of ICICI and ICICI Bank approved the merger of ICICI and two of its wholly-owned retail finance subsidiaries, ICICI Personal Financial Services Limited and ICICI Capital Services Limited, with ICICI Bank. The merger was approved by the Reserve Bank of India in April 2002. Consequent to the merger, the ICICI group's financing and banking operations, both wholesale and
retail, have been integrated in a single entity. ICICI Bank (BSE: ICICI) (formerly Industrial Credit and Investment Corporation of India) is India's largest private sector bank in market capitalization and second largest overall in terms of assets. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and specialized subsidiaries and affiliates in the areas of investment banking, life and non-life insurance, venture capital and asset management.

ORGANIZATIONAL STRUCTURE

The bank is having a team of board members lead by The Chairman. At present Mr. K.V.Kamath is holding the chair as Chairman of the bank. Mr. Sridar Iyengar, Mr. Homi R. Khusrokhan, Mr. Arvind Kumar, Mr. M.S. Ramachandran, Dr. Tushaar Shah, Mr. V. Sridar are the board members. Ms. Chanda Kochhar is working as the Managing Director while Mr. N. S. Kannan is working as the Executive Director & CEO of the bank.

6.2 WORKING PROCEDURE OF SELECTED HOUSING FINANCE BANKS OF MEERUT DISTRICT

The 'Working Procedure' is a wide term, especially for a servicing sector like housing finance. It includes in itself a number of aspects such as marketing channels adopted, procedure, terms and conditions and so on. It is crystal-cut clear from the study of previous topic that the main players of housing finance market of the Meerut District are Government sector banks specially Punjab National Bank, State Bank of India, Allahabad Bank, Syndicate Bank, Union Bank of India etc., LIC Housing Finance Ltd., ICICI Bank, HDFC Bank.
For the purpose of comparative study of different housing finance Banks of Meerut District, it would be appropriate to classify working procedure in the following parts–

(A) Marketing Channels  
(B) Procedure of Sanctioning a Housing loan  
(C) Terms and Conditions

(A) MARKETING CHANNELS

Where there is a competitive market, the effective marketing channels play a vital role to get the new business either it is a commodity industry or servicing industry. Housing finance industry is passing through a stage of cutthroat competition in the present era. The market has discarded a number of tiny and unprofessional housing financing agencies and only the committed players with capability of providing high capital investment; keeping technical business knowledge and having a devoted marketing team are making competition with each other. In Meerut District, the different types of marketing channels are adopted by the different housing financing agencies.

In the early nineties, the routine loaning department of government sector banks looked after the cases of housing finance. But in present days, most of the government sector banks have established a separate housing finance company accepting the increasing importance of this sector. In all the big branches of these banks, an individual housing loan department works under the direct supervision of housing loan officer. The housing loan officer is responsible for dealing with prospective housing loan customers, to help them in compliance of paper work, to enquire about their authenticity etc. Now, most of the banks offer door-
step services to the prospective home loan buyers. But during survey it was found that the government sector banks are recognizing the importance of housing finance sector but they are not heartily interested to come out from their semi-bureaucratic attitude. It would be wrong to say that they are not changing with the present day changing environment, but their speed is lower than they required. They have to be more professional for the long lasting growth of their organization.

In Meerut, the private sector banks like ICICI, HDFC, AXIS Bank etc. are adopting a different type of marketing approach for gaining the housing finance business. They appoint a private firm as their housing finance franchise. Such firm provides the housing finance on behalf of the concerned bank with the help of its professional marketing executives. It is responsible for collecting housing finance business and to help the customers in completing paper formalities. Generally the inquiry of home loan buyers is arranged by the bank itself. The private sector banks pay a fixed commission to their franchises on the basis of housing finance business collected by them. Thus, the private sector banks are taking advantage of professional services without bearing the high fixed cost of appointment of permanent staff.

During personal survey of home loan customers of Meerut District almost all the customers appreciated the professional and personalized approach of private sector banks but some customers alleged their marketing executives to misguide them about the actual terms and conditions of housing loan.
(B) PROCEDURE OF SANCTIONING HOUSING LOANS

The procedure of sanctioning a housing loan to a prospective borrower is almost same in all the housing financing agencies of Meerut District. It may be discussed step by step in the following manner:

- The prospective home loan borrower contacts with the marketing executive of suitable housing financing agency.
- The marketing executive attends the query and discusses the requirements and eligibility details with the prospective borrower.
- If prospective home loan borrower takes the interest and finds the housing financing agency suitable, he collects the application from, which is generally available with the marketing executive.
- The prospective home loan borrower pays the processing fees, which is about 0.5% to 2.0% of the loan amount. The fees are non-refundable. Generally home loan borrower is asked to pay the fees only if the chances of the loan getting sanctioned are really good as per the marketing officers' analysis.
- The date of the personal interview is fixed up as per mutual convenience. The appraisal officer/marketing executive conducts the meeting of prospective home loan borrower and the loan-sanctioning officer.
- The marketing executive prepares the file and discusses the case with the Branch Manager. The Branch Manager should substantiate recommendations of the Appraisal Officer. The file is then recommended for sanctioning by the competent authority.
- The competent authority concerned sanctions the loan proposal. In case there are some queries, the same have to be answered by the
Appraisal Officer/marketing executive to the satisfaction of the sanctioning authority.

- If approved, he collects the Loan Offer letter, prepares Property Documents and Acceptance Note and signs the same. This signifies his acceptance of the proposal. Then he is required to collect the disbursement within a month of the acceptance of the offer letter failing which a Commitment Charge of generally 1% on the loan is levied.

- The Legal and Technical fee is generally 1% of the loan sanctioned is paid by the borrower. The file is then transferred to the Legal department. The Loan Agreement and the other documents are signed. The Legal Officer then prepares the Legal Report after studying the legal documents in depth.

- The Technical Officer visits the property and submits the Technical Report. The Technical Officer as per the stage of completion recommends the amount for disbursement in case of home construction loan.

- The Disbursement Memo is prepared and is signed by the Appraisal, Legal and Technical Officers and countersigned by the Branch Manager.

- The accounts department prepares the cheque which in then sent to the authorized signatories. The Disbursement Memo is attached with important documents like interview sheet, legal Report, Technical Report, PEMI Status Report applicable etc.

- The post-dated equated monthly installments (PEMI) cheques of the amount disbursed are collected before releasing the disbursement amount.
Consequent to the final disbursement the EMI starts, which amortizes the interest and adjust the principal for the tenure allotted.

The documents mortgaged are released on closure of loan and a no due certificate is issued to the borrower, by the competent authority generally the Branch Manager.

(C) TERMS AND CONDITIONS

Most of the terms and conditions of housing financing agencies working in the Meerut District are same, but to all the prospective home loan seekers these agencies try to present their home loan offers in a different manner. The basic features, terms and conditions of home loan offers of housing financing agencies working in the Meerut District may be discussed with the help of following headings–

1. PURPOSES OF HOME LOAN

Generally all the housing financing agencies of the District offer home loan for the following purposes –

- **Basic Home Loans:** The basic home loans are sanctioned to purchase or construct a new house or to refinance the home loan availed from any other housing financing agency.

- **Home Extension Loans:** These types of housing loans are granted for making some extension in the present house such as adding a room or two, an additional toilet, terrace or to construct another floor of the existing house.

- **Home Improvement Loans:** The purpose of these loans is to repair or renovate the existing home.
But during survey it was found that the Nationalized Banks do not take much interest in sanctioning home improvement loans.

2. ELIGIBILITY CRITERIA

All the housing financing agencies of the District evaluate the eligibility of prospective home loan borrowers through his repaying capacity. For instance, most of the major players of housing finance market like (1) Allahabad Bank, (2) PNB, (3) SBI, (4) HDFC Bank, (5) ICICI Bank etc. consider the factors such as income, age, assets and liabilities, nature of occupation of borrower etc.

Generally the employees of government sector or reputed private firms, income tax payee businessmen and highly qualified professionals get the housing loan easily because they can provide their permanent regular income proof without any problem.

3. ADVISORY SERVICES

The marketing scenario of housing loan of the District is so conductive that a prospective home loan borrower can apply for a loan in ICICI, HDFC, and a number of other financial institutions at any time after deciding to acquire or construct a property, even if he has not selected the property or land. The institution like ICICI has a guidance cell from where a prospective home loan buyer can avail the services in selection of suitable property or for proper construction process. The legal department of a number of housing financing agencies help their customers not only with the documentation procedure but also enable them to complete all the legal formalities of acquiring the property or constructing a house.
ICICI Bank provides a property search facility to their home loan borrowers. The experts of the bank help the customers in searching for the desired property and in guiding them about the purchase process.

4. QUANTUM OF LOAN

Most of the housing financing agencies offer almost same quantum of housing loan. A home loan buyer can usually avail up to the 75% to 90% the cost of the property including the cost of the land for example Allahabad Bank finance up to 85% share for loans up to 20 lac and 80% of project cost for loan above 20 lac, while PNB offer a 75% of project cost. In some cases like ICICI Bank, up to 100% of cost of property including cost of land, registration charges and stamp duty are sanctioned to the eligible customers. Generally Housing Financing Companies offer up to Rs. 1 crore as housing loan to an individual depending upon his repayment capacity, age, nature of occupation etc. for example Allahabad Bank and some other offer up to 60 times of gross monthly salary in case of salaried person or up to 4 times of the gross annual income for others but a maximum of both is Rs. 2 crore.

For home improvement/extension, the most of the companies offer up to Rs. 10 lac to Rs. 50 lac or maximum 75% of the cost of extension/improvement as evaluated by them.

5. THE MAXIMUM TERM OF PAYMENT

The maximum term of payment in all the housing finance agencies of Meerut District ranges from 15 to 25 years. It also depends upon the age of home loan borrower and his age of retirement. If a person takes a home loan from PNB, he is to repay the loan over a maximum period of
20 years up to the age of 45 years. The applicant over 45 five years of age can avail the facility of home loan over a maximum period of 15 years or up to date of retirement, whichever is earlier. The maximum term of repayment in ICICI Bank is 25 years. Although some banks are now offering an extended repayment period of 5 years after retirement.

6. COMMENCEMENT OF REPAYMENT OF HOUSING LOAN

In all the housing finance companies the repayment of housing loan starts from the month following the month of final disbursement of loan. In case of disbursement of housing loan in installments till the receiving of final installment the borrowers have to pay the interest on the portion of the loan disbursed. Pre-EMI interest is payable every month from the date of 1st loan installment disbursed till the date of commencement of EMI. In some exceptional cases, the private sector banks allow to start the commencement of EMI after a certain period subject to payment of interest of loan disbursed every month.

7. PROCESSING FEES AND OTHER COSTS

Housing finance agencies of the Meerut District generally charge around 1% of loan amount as fees for their services, usually categorized under different heads. ICICI, HDFC charge a processing fee of 0.5% when the application is submitted. On sanction of loan, a further 0.5% administrative fee is payable. Generally nationalized banks charge a processing fee of 0.5 to 1.0% of the loan amount subject to a minimum of Rs. 500 and a maximum of Rs. 20,000 exclusive of additional taxes. These banks also claim not to impose any hidden cost of their home loan customers. Sometimes the private sector banks offer a waiver of processing fees for a specified period.
8. INTEREST RATES OF HOUSING LOANS

Interest rates of the housing loans are the most confusing aspect for the housing loan customers. The interest rates of housing loans generally governed by the instructions issued by the Reserve Bank of India time to time, hence these are of changing nature. Besides, interest rates of home loan for different term periods as well as the different types of loans differ. Moreover, a home loan customer has a choice of going for a fixed rate of interest or an adjustable (floating) rate of interest. Floating rates are linked to the institution's Retail Prime Lending Rate. The rate on your loan will be revised regularly– every three /six months from the date of first disbursement– if there is a change in the prime lending rate.

In HDFC and ICICI Banks if borrower has opted for home loans with adjustable rates, the rate on his loan will be revised every three months from the date of the first disbursement if there is a change in the Retail Prime Lending Rate. While the interest rate on his loan amount may change, the EMI will not change. For instance, if the interest rate increase, the interest component in an EMI will increase and the principal component will reduce, resulting in an extension of the term of loan. When the interest rate decreases, the reverse will happen and the borrower will end up paying back the loan amount earlier.

At HDFC the borrower has the option of availing part of the loan under fixed rate of interest and balance under adjustable rate of interest he can also switch between schemes for a nominal fee.

Every housing finance institution has its own Web site and a comparison of the rates (PSUs have more or less same rates) can give an idea to plan out a strategy for construction/ buying a home.
It may be a sound decision for a safety conscious customer to go for fixed rate of interest that accords certain stability to his quantum of loan repayment. He can also sure that any increase in interest rates will not lead to an increase of his loan liability.

9. SECURITY FOR THE LOAN

Normally, the first mortgage of the property is accepted as the security for the home loan. Some financial institutions of Meerut District may insist on interim security, if the property is under construction. Collateral or interim security could be life insurance policies, the surrender value of which is at least equal to the loan amount, or guarantees from sound and solvent guarantors, pledge of shares and other investments. An individual can get the loan through an equitable mortgage of the property. This is done by depositing the title documents of the property. The financial institution may ask of additional security/securities depending on the repayment capacity of customers. Generally all nationalized banks also demand for a reputed guarantor along with the mortgage of the property but due to the cutthroat competition these banks are being flexible in this context as some banks are no longer asking for 3rd Party Guarantee.

10. ADDITION ALLUREMENTS OF FREEBIES

It is a world of competition and miracle of marketing that in the present time a normal customer can bargain on interest rates with the housing finance agencies. Besides, some housing finance companies of the District offer extra freebies of the prospective customers.
HDFC home loans offer a specially designed life insurance cover at an attractive price from HDFC Standard Life, automatic repayment of HDFC home loan EMIs from your HDFC Bank Savings Account with a low average quarterly balance, free HDFC bank international credit card and lower interest rates for other loans availed from HDFC.

ICICI customers are also provided a free personal accident insurance policy, whereby the first applicant in covered up to the principal outstanding of the loan amount. This protects the borrower from future loan liabilities in case of death through accident.

These housing finance agencies also provide “doorstep service” whereby they go and meet the customer at the place and time of his convenience. They do all the documentation and other formalities at his place.

Thus, a customer can get his loan sanctioned and cheque delivered in the comfort of his home. Institutions have put together several such creative and innovative offers that come free with housing loan schemes.

After studying all these features, terms and conditions of different housing finance agencies of the Meerut District, it feels cumbersome for a general housing loan seeker to go through all details and technicalities of housing loan offers by different agencies. But a friendly marketing atmosphere can help him to arrive at the right decision.

6.3 COMPARATIVE STUDY OF CUSTOMER’S SATISFACTION REGARDING SERVICES OF SELECTED HFBs

Housing finance Industry is a kind of service Sector, in which a No. of factors like complexity of terms and condition of Housing Loan,
the Attitude of operational staff and the preference made by the customer, directly or indirectly, affect the customer and the performance of the Bank itself. These aspects may be studied under the following parts.

1. Customer’s experience regarding the complexity of terms and condition of Housing Loan.
2. Customer’s satisfaction regarding the internal environmental and attitude of operational staff.
3. Customer’s preference in choosing specific bank to get a Home Loan.

For the purpose of finding out the views of customers of different HFBs of District Meerut regarding the status of their satisfaction on the given basis, a detailed questionnaire was prepared for personal interviews of housing finance customers. 200 customers interviewed in total, out of which 50 each were selected from each Selected Housing Finance Bank of District Meerut i.e. Allahabad Bank, Punjab National Bank, HDFC Bank and ICICI Bank. The findings of this section are based on questionnaire-II.

For the purpose to analysis the satisfaction level of housing loan customers on different aspects, the following levels of satisfaction were fixed as criterion-

<table>
<thead>
<tr>
<th>No. of Satisfied Customers</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 90%</td>
<td>Excellent</td>
</tr>
<tr>
<td>80% to 90%</td>
<td>Very Good</td>
</tr>
<tr>
<td>70% to 80%</td>
<td>Good</td>
</tr>
<tr>
<td>60% to 70%</td>
<td>Average</td>
</tr>
<tr>
<td>Less than 60%</td>
<td>Poor</td>
</tr>
</tbody>
</table>
1. CUSTOMER'S EXPERIANCE REGARDING THE COMPLEXITY OF TERMS AND CONDITIONS OF HOUSING LOAN

Housing finance is a technical deal. The terms and conditions of housing loan are complicated by nature. In the present fluctuating environment of housing finance market, it is a tough job to understand all if and buts of a housing loan even for a well-educated person. Hence, HFBs appoint Housing Loan Advisors to promote their housing loan schemes.

During personal survey it was observed that the housing loan advisors of different HFBs work as a marketing executive only. They generally opt their motto to collect the maximum housing finance business for their bank. For this purpose they do not discuss the unfavorable points of schemes at the time of discussion and try to finance the deal according to the mood of prospective customer. After taking the housing loan when a person encounters with the negative features of housing loan scheme such as hidden costs, heavy non-payment penalties etc., he finds himself helpless.

In the following table No. 6.2, an effort has been made to analyze the customer's satisfaction regarding terms and conditions of different housing finance banks of District Meerut-
TABLE No. 6.2
AN ANALYSIS OF CUSTOMER’S EXPERIANCE REGARDING THE COMPLEXITY OF TERMS AND CONDITIONS OF HOUSING LOAN

<table>
<thead>
<tr>
<th>Queries</th>
<th>Positive Reply</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Do you think, the duration taken by the bank in sanctioning a home loan is justified?</td>
<td>50 24 29 38 42</td>
</tr>
<tr>
<td>(ii) Do you think, the processing charges of the bank are justified?</td>
<td>50 38 35 41 39</td>
</tr>
<tr>
<td>(iii) Do you think, the paper formalities of the housing loan are justified?</td>
<td>50 27 31 41 39</td>
</tr>
<tr>
<td>(iv) Are you satisfied with the terms and conditions of housing loan, which you have taken?</td>
<td>50 33 37 28 31</td>
</tr>
</tbody>
</table>

Source: Questionnaire– II

Note: 1* Total number of Customers of each category surveyed  
2* Allahabad Bank 3* Punjab National Bank  
4* HDFC Bank 5* ICICI Bank

Table No. 6.2 Clarifies the status of customers satisfaction of different HFBs of District Meerut regarding the terms and conditions of housing loan schemes.

It reveals the facts that only 59% customers of private sector banks are satisfied with the terms and conditions of housing loans. It shows the inefficiency of private sector banks to convince their customers regarding the terms and conditions of housing loan schemes besides all its pump and show. While 70% customers of nationalizes banks are satisfied with the terms and conditions of Housing Loan.
The housing loan customers treat the paper formalities of housing loans of all HFBs tough. In this respect 80% customers of private sector banks feel themselves satisfied because they received the complete help of housing loan executive of concerned HFBs in compliance of paper work and other legal formalities, while only 58% customers of nationalized banks feel themselves satisfied with the paper formalities. This shows a lac of guidance from past these banks to the customer. That is why customers complained that the paper work and formalities of the housing finance schemes of these Government sector banks remained as nightmare for them.

As the housing finance sector is a service sector by nature, it is quite important to assess the behavior pattern of the banking staff. The following table summaries the customer’s experiences in this regard.

2. CUSTOMER’S SATISFACTION REGARDING THE INTERNAL ENVIRONMENTAL AND ATTITUDE OF OPERATIONAL STAFF

Regarding the customer’s satisfaction about internal environment and attitude of operational staff there is a drastic difference between the nationalized banks and private banks. The nationalized banks lag behind in this regard while private sector bank proved to be excellent. Only 66% customers of nationalized bank were satisfied with the overall behavior the operational staff while in case of private banks 90% customers was satisfied for the same. This huge difference shows that the private banks officials are more attentive and helpful for their customers.
TABLE No. 6.3
AN ANALYSIS OF CUSTOMER'S SATISFACTION REGARDING THE INTERNAL ENVIRONMENT AND ATTITUDE OF OPERATIONAL STAFF

<table>
<thead>
<tr>
<th>Queries</th>
<th>Positive Reply</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Was the concerned official available on his seat?</td>
<td>50 23 27 47 46</td>
</tr>
<tr>
<td>(ii) Was he/she helpful and attentive to you?</td>
<td>50 28 31 43 45</td>
</tr>
<tr>
<td>(iii) Was there adequate sitting arrangement for the customer?</td>
<td>50 23 29 48 46</td>
</tr>
<tr>
<td>(iv) Was the concerned official gave you the satisfactory answers to your queries?</td>
<td>50 29 33 43 41</td>
</tr>
<tr>
<td>(v) Are you satisfied with the overall behavior?</td>
<td>50 31 35 47 43</td>
</tr>
<tr>
<td>(vi) Did you observe any behavior of favoritism on part of employees?</td>
<td>50 32 29 21 24</td>
</tr>
<tr>
<td>(vii) Whether adequate drinking water facilities were available in the bank?</td>
<td>50 27 29 38 43</td>
</tr>
<tr>
<td>(viii) Was complaint /suggestion box was kept by the bank?</td>
<td>50 17 21 36 39</td>
</tr>
</tbody>
</table>

Source: Questionnaire– II
Note: 1* to 5*; Opcit. Table No. 6.2

3. CUSTOMER’S PREFERENCE IN CHOOSING SPECIFIC BANK TO GET A HOME LOAN

The present study would not be completed without knowing the reasons made by the customers behind choosing a specific housing
finance bank to get a home loan. Few possible reasons in this regard were included in the Questionnaire-II and the findings are summarized in the table No. 6.4.

**TABLE No. 6.4**

**ANALYSIS OF CUSTOMER’S PREFERENCE IN CHOOSING SPECIFIC BANK TO GET A HOME LOAN**

<table>
<thead>
<tr>
<th>Selected Bank</th>
<th>Total No. of Customers interviewed</th>
<th>REASON FOR CHOOSING A SPECIFIC HOUSING FINANCE BANK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1*       2*       3*       4*       5*       6*       7*       8*</td>
</tr>
<tr>
<td>Allahabad Bank</td>
<td>50</td>
<td>5        3        4        1        2        5        23       7</td>
</tr>
<tr>
<td>PNB</td>
<td>50</td>
<td>4        4        3        2        1        4        27       5</td>
</tr>
<tr>
<td>HDFC Bank</td>
<td>50</td>
<td>2        2        8        32       1        3        2        0</td>
</tr>
<tr>
<td>ICICI Bank</td>
<td>50</td>
<td>3        1        6        34       2        1        3        0</td>
</tr>
</tbody>
</table>

*Source: Questionnaire– II*

Note: 1* Easily approachable branch. 2* Low interest rate 3* Easy and low cost processing fee. 4* Easy and fast sanctioning of loan 5* Advertisement/ Specific home loan scheme. 6* Good services provided by the bank. 7* Reputation and strong back history of the bank 8* Others.

Regarding the customer’s preference in choosing a specific bank to get a home loan it is observed that most of the customers choose nationalized banks due to their reputation and strong back history, 46% in case of Allahabad Bank and 54% in case of PNB. While most customers of the Private Banks showed their preference in choosing the Private sector Banks due to easy and fast sanctioning of loan, 64% in case of HDFC Bank and 68% in case of ICICI Bank a total of 16% of customers
of HDFC Bank and 12% of customers of ICICI Bank choose the respective banks due to their easy and low cost processing fee.

Thus from the following discussion it is quite clear that the reputation and strong back history of nationalized banks makes customers assured, while the strength of Private sector Banks is their working procedure due to which customer get a home loan quite easily and quickly.