CHAPTER – 5

CONCLUSION

The concept of reverse mortgage is gaining ground in the banking sector of India. The researcher has found that the customers who have taken the loan from bank under the scheme are more or less satisfied with the product by the product and as such the product is not taking up to the desired level. The product was introduced with a noble intention in the year 2007 but has not received desired attention from the stake holders.

The main objective of the present research work was to assess the level of perceived quality of reverse mortgage services offered by selected banks of India.

The accountholders view point on the traditional mechanism of services delivery, expectations level and perception level regarding the reverse mortgage services offered by the selected banks of India had been studied. This study demonstrated the usefulness of the GAP analysis as a measure of assessing perceived quality of reverse mortgage services. This model not only highlights areas for specific action and also addresses perceived service shortcomings. The study of expectation and perception level of accountholders using reverse mortgage services facilities offered by the selected banks revealed, inter-alia,

- that the overall unweighted (0.69) and overall weighted (9.31) GAP score both were in positive zone meaning thereby that the accountholders’ perceptions were more than their expectations regarding reverse mortgage services offered by the selected banks of India. Accountholders perceived the reverse mortgage services provided to them were of good quality.

- that the respondents accorded maximum weight to Empathy (16.80) closely followed by Assurance (16.70) and Tangibility (16.24) dimensions of eCRM services. Reliability (15.19) ranked fourth closely followed by Responsiveness (14.46), Competence (11.60) and Product Portfolio (9.36) was ranked lowest in reverse mortgage services quality dimensions. Meaning thereby, the accountholders were more concerned with Empathy, Assurance and Tangibility reverse mortgage services as compare to other dimensions of reverse mortgage services quality offered by selected banks. The accountholders were ready to compromise on Reliability, Responsiveness of the employees, Competence and Product Portfolio offered by the sample banks of India.
that the overall dimension wise unweighted and weighted gap score in all of the dimensions of reverse mortgage services were found to have positive gap, implying that accountholder expectation regarding reverse mortgage services dimensions were met by the selected banks of India. Accountholders were consistently more satisfied with Assurance dimension [both in unweighted (0.85) and weighted (13.71) gap score] which was ranked higher than all other service dimensions.

- that there was a significant correlation, both positive and negative, existing between most of the dimensions of reverse mortgage services offered by the selected banks of India.

- that the accountholders rated the quality of reverse mortgage services provided by SBI [both unweighted (0.46) and weighted (6.17) GAP score] were above than their expectations and higher than the other selected banks of India. The SBI was also accorded the best Unweighted and Weighted gap score in all the seven quality dimensions of reverse mortgage services offered.

It is pertinent to note that all the selected banks of India were providing reverse mortgage services at or above par than expected by their respective account holders. However, the perception level of SBI account holders was significantly higher than the account holders of remaining the selected banks of India.

Although all the selected banks of India were providing reverse mortgage services at or above par than expected by their customers. As quality improvement is a never ending process, governing bodies of these banks should train personnel professionally and upgrade information communication technologies to improve overall customers’ experiences and satisfaction. The best way for the management is to look at the improvement of the physical facilities for reverse mortgage services, training of the personnel and providing precise information on all functions related to reverse mortgage services offered by the selected banks of India.

The results of the study indicated that the Gap analysis could make a valuable contribution by enhancing the understanding of the perceived quality of reverse mortgage services in banking sector of India. The measurement scale also serves to identify symptoms and the underlying problems that inhibit the effective provision of quality reverse mortgage services in banking sector of India.

A vital aspect of the present research was to analyze the level of influence of awareness campaigning on marketability of reverse mortgage in India. While comparing the level of overall
marketability before and after organizing awareness campaigning regarding reverse mortgage services provided by the selected banks of India, it was revealed, inter-alia,

- that in the case of overall marketability after organizing awareness campaigning regarding reverse mortgage services, the overall mean value of all the selected banks had exceptionally decreased i.e. from 5.24 to 3.44. This showed that there was a negative impact of awareness campaigning on marketability of reverse mortgage.

- that the overall marketability mean value of all the selected banks of India had decreased after organizing awareness campaigning regarding reverse mortgage services. It was also clearly depicted that the accountholders of SBH [by replacing SBI] were having high mean score (4.31) after organizing awareness campaigning regarding reverse mortgage services. It indicated that overall marketability of reverse mortgage services and products SBH were better as compared to other selected banks.

- that after organizing awareness campaigning related to reverse mortgage services, the overall mean value of selected banks related to overall marketability of reverse mortgage had decreased from 5.24 to 3.44.

- that the mean value of overall marketability after organizing awareness campaigning related to reverse mortgage services SBI had decreased from 5.46 to 3.08, SBH from 5.13 to 4.31, CBI from 5.32 to 4.21, PNB from 4.60 to 3.60, and IB had decreased from 4.59 to 3.63.

The significance value (.050) of Paired Samples t-TEST clearly indicated that there was no significant difference between the two variables. Also, the confidence interval for the mean difference did contain zero, this also indicated that the difference was not significant. So the above discussion strongly confirmed that there was no significant influence of organizing awareness campaigning related to reverse mortgage services on marketability of reverse mortgage products and services.

Bivariate correlations had been done on the responses of accountholders on statements regarding family bonding and saleability of reverse mortgage. The result clearly depicted that there exist a significant negative linear correlation existing between family bonding and saleability of reverse mortgage. Meaning thereby as family bonding increase there will be a negative impact on saleability of reverse mortgage products.

In the context of banking sector of India, it could be concluded that the accountholders’
satisfaction may not always lead to their retention, and family bonding had a greater influence on saleability of reverse mortgage products. The top management of banks of India must, therefore, focus more on above mentioned facts before designing schemes for promoting reverse mortgage products.

A vital aspect of the present research was to examine the factors that motivate the employees to work towards retiree support services. The foremost factors like Incentives/Rewards/Recognition, Authority/Employee Empowerment, Monthly Targets, Service Vision/Customer Oriented Company Policy, Supportive Behaviour of Customer, Constant Under Observation, Latest Technological Equipment Support, etc. had been included in this study. The results firmly indicated, inter-alia,

− that on the overall basis the employees strongly admitted that Incentives/ Rewards/ Recognition (mean 4.10) were the most inspiring factor and Clarity of Job Profile/Functions (mean 8.87) was the least inspiring factor for employees to work towards the better retiree satisfaction.

− that the results of inter comparison of the selected banks employees responses regarding motivational factors were diverse from overall results.

− that a significant relation existed between motivational variables and selected banks.

Hence, the officials of the selected banks should take instant steps to consider these factors considered as sources of motivation for employees to enhance the retiree satisfaction level.

A noteworthy aspect of the present research was to analyse the retention challenges for the service providers of the selected banks of India. Key retention challenges like Insufficient or Inappropriate or Bad Information, Customer Ego, Quality vs. Quantity Problem, Demanding Customers, Annoyed Customer/Poor Customer Attitude, etc were incorporated in this regard. The results firmly indicated, inter-alia,

− that on the overall basis insufficient/ inappropriate/ bad Information was assigned first rank (mean 3.11) that means appropriate information regarding customers is essential for customer care executives involved in retiree retention process. While cooperation related factors were considered least important (mean 8.11) by the respective employees.

− that the individual results of the selected banks regarding retention challenges were diverse from overall results.
that a significant relation existed between factors related to retiree retention process and the selected banks except odd working schedule variable (ANOVA Sig.=0.56).

Hence, the governing bodies of the selected banks should take instant steps to manage all these factors considered as key retention challenges.

Deregulation, diversification and globalization have stimulated a dramatic rise in competition - and these unforgiving marketplace realities have forced banks of India to switch from a product-centric approach to a customer-centric approach. In today’s competitive business environment,

Apart from the observations recorded above, the researcher has come across some other observations which could not be taken into the ambit of research for lack of time and the cost involved. Though the existing customers seemed satisfied with the product and the services extended by the bank official, the product is not picking up. During the initial survey, the researcher talked to number of bankers, counselors, existing borrower, prospective borrowers, their family members and agencies like National Housing Bank & Helpage (who educate & help the senior citizens in getting Reverse Mortgage Loans). Persons from different cities across India were discussed.

During these discussions, the researcher came to know about certain reasons/ bottlenecks, which are responsible for slackening the growth of this product. The observations may be the topic for future researches.

The product has not gained popularity as there is little marketing effort made by the various stake holders like banks, NHB, Helpage or any other concerned authority. The concerned persons are either not aware about the product or they deliberately avoid marketing the product to avoid the complexities of execution. Bankers, who are aware about the product are also not keen to finance under this scheme as they feel that there are lots of legal complications involved. The recovery is completely dependent upon the property as the financial soundness of the borrower is not taken into consideration.

Very conservative approach is being adopted by the banks for doing legal evaluation of the property to be mortgaged. Ancestral property is not being taken into consideration as the rights flow into other heirs also. Banks also don’t prefer financing against the properties which are put on rent or partially on rent. Properties, where shops are run in a part there of are also not taken as a valid property for extending loan. Likewise, the properties having common stairs are
also not being accepted for mortgage in Kolkata. Moreover, the properties offered for mortgage are usually not absolutely clean. Arrears in payment of taxes like property tax are also contributing a lot in killing the cases in early stages. Moreover, loan is not extended against joint properties. Moreover, the properties offered are old enough to qualify for the criterion of residual life more than 20 years. Even if a property is acquired by the husband and after his death, it goes to the wife, banks are not financing to wife, even after mutation is done. Even after a house has been constructed by a borrower on the plot acquired in inheritance is not eligible for loan.

The valuers take a conservative view towards the valuation as a result of which the loan value becomes very low. The loan amount is very low, though the value of property is very high. The loan disbursed in monthly installments is calculated after providing for interest to be charged in future and the discounted value so arrived is pathetically low. Under the circumstances, the prospective borrowers prefer to sell the property and move into old age homes.

Though the product has been designed for the senior citizens, who are not being supported by their children, Banks in Kolkata insist that the heirs of the borrowers also visit the bank to show their consent for the loan. Such conditions make it extremely difficult for senior citizen borrower to take the loan. The bankers insist on consent of the legal heirs to avoid any hassle in final settlement.

The initial charges like processing charges, advocate’s fee, documentation charges, charges for insurance of property, charges for creating mortgage etc, which the banks charge from customers are very high. Even if these charges are capitalized, the available amount of loan to the borrower is reduced considerably.

Lenders ask the borrowers to execute documents arbitrarily like in Hyderabad, the borrower has to execute a will wherein he will say that all earlier wills are cancelled. He will have to write the will in favour of the lender, for the period till the loan is settled and in that paper he will have to mention the name of the person to whom the remaining amount should go, in case some thing is left after the closure of loan. The borrowers usually don’t want to declare their will in advance and also the registrar does not register this will as this is a conditional will.

Some of the clients want the loan to be disbursed as 100% in lump sum where as the banks split it in 50-50% share in lump sum and annuity. Such disbursement does not suit the requirement of the borrower and so the purpose of loan is defeated. This encourages the senior
citizens to dispose of the property and use the money as per their requirement.

Cowed down by the formalities and the bottle necks, the senior citizens prefer to sell the property and stay in old age home.

Recommendations

1. Proper marketing strategy should be made by all stakeholders so that the product reaches the targeted customers, effectively. The details of the scheme should be displayed at some prominent place in the bank branches so that the persons visiting the place may have some idea of the scheme. Likewise, proper advertisement of the scheme should be made through newspapers, radio and television, hoardings etc so that a vide section of society may be covered.

2. The dealing employees should be properly trained so that they may not only be able to educate the prospective clients properly but should also be proactive in marketing the product. Moreover, they should be trained to handle these cases with compassion.

3. The product should be included in the list of priority sector advances keeping in view its social importance and proper targets should be fixed for banks/branches to make sure that the dealing officers take sufficient interest in selling the product.

4. Rate of interest should be reduced so that the borrower gets more loan value. The loan installments offered to the borrowers are very small in comparison to the value of the property offered as Mortgage.

5. Legal bottlenecks should be removed by making required changes in rules so as to ensure smooth disbursement of the loan. The Banks should take a liberal view while legally evaluating the property in question. Unnecessary legal riders should not be raised as such riders may result into discouragement of the prospective borrowers.

6. Process should be so designed that the initial cost is not as high as it is today. The prospective borrowers, who have approached the bank for this product are in dire need of money and any further financial burden may discourage them from taking this loan.

7. To encourage the banks in popularizing the loan, RBI/ NHB should make refinance against these loans to support the banks in handling their liquidity problems. Moreover, funds should be made available to the banks at cheap rate of interest so that they may find financing against this product, a lucarative proposition.
8. Regulators like RBI and NHB should closely monitor the progress made in disbursement of this product.

These humble recommendations emanating from the present research work may mark the end of this particular thesis but there is a strong hope it will mark the beginning of a new chapter of ushering in the concept of reverse mortgage in banking sector of India.