



## **A Comparative Study of Customer Satisfaction Regarding Home Loans Provided by SBI and HDFC Bank**

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### ***Abstract***

Home is where the heart is. It is not just a word it is a life for one and dream of another. Home is not just a house it is a place where you live. “Furthermore, home is more than a place; it is a feeling. It is a feeling of contentment and happiness that they share with the one they love. Home is the things that everyone wants to own”. It comes under one of the basic need of human being. Home is where you escape the craziness of the world that you step out to everyday. Having one’s own home is one of the big dreams of millions. Commercial banks and various financial institutions are providing various types of home loan to the people who want to have a home. In the economic development of the country housing sector plays an important role.

The present paper endeavors to study the concept of “The Indian housing finance industry which is grown by abrupt changes in the last few years. With the passage of time total of home loan disbursement has been raised which had shown remarkable growth from the last 10 years. Demand of home loan is increasing day by day with the changing trend of nuclear family and flat system. It will also find out the satisfaction level of customers in both the banks and problems faced by them in obtaining home loan”. The paper will also present some suggestions that may be useful to the banks in general and for borrowers in particular.

**Keywords:** *Home loan, SBI, HDFC, Comparison, Customer*

### **Introduction**

Presently, there is significant Real Estate Investment in India, Whether in the Residential Properties or in the Commercial Properties. Loan banking is one of the most essential tasks of the financial services in India, and there are a variety of home loan options available. Getting the house of your dreams, particularly if you're taking out a loan to pay for it, isn't simple. For those who can't afford to pay the whole price at once, a home loan is an option that allows them to purchase a property over a period of time while paying a monthly interest rate.



Mortgages are much like any other kind of debt. The money we borrow from a bank, a financial institution, or another sort of lender is called a loan. After that, we must pay back our obligations with interest. However, unlike other forms of loans, house loans are unique in numerous ways. There are a lot of lenders out there that can help you get a mortgage. You may get a variety of house loans, such as a Home Purchase Loan or a Home Improvement Loan or a Home Construction Loan or a Home Extension Loan. However, in the last few years home loan scenario has change considerably in India. People are coming at front to have their own house and having their own house is becoming priority. Owning one's own house is neither a big dream nor required lifetime savings. Latest and different home loan schemes are available easily and are comparatively cheaper and affordable than what was available earlier. Banks are reaching everywhere now and government is working hard to implement these schemes even at village and smaller town's level. The housing loans are popular there too, however, the activity of building flats is little slow.

### **Scope of Study**

It is helpful in analyzing the home loan service provided to the customer and their comparison The Indian housing finance industry has grown by leaps and bounds in few years. Total home loan disbursement by banks has raised which witnesses' phenomenal growth from last 10 years. "There is greater no. of borrowers of home loan. Here we will also find the level of satisfaction and the problems faced by them while obtaining home loan. The study will be micro in nature .Basically it will be a comparative study of one public sector bank i.e. State Bank of India and one private sector bank viz. HDFC bank. It will also provide suggestions to regulatory agencies of banking sector, i.e. government and RBI etc. The research will open new areas for future research in the field of banking.

### **Objectives of Study**

- 1.To study the cost of home loans provided by the bank.
- 2.To know that which bank provide better loan schemes.
- 3.To analyze the home loan scheme by HDFC and SBI banks.
- 4.To study the satisfaction level of customers regarding home loan.

### **Research Methodology**

The study aimed to include the customers of SBI and HDFC in Meerut, to make a comparative analysis of home loan schemes of these two banks. A Sample size of 100 respondents will be taken for the current study because it is not possible to cover the whole universe in the available time period. So it is necessary to take the sample size. In 100 respondents 50 respondents from HDFC and 50 from SBI. The samples will the peoples of age group lying between thirteen to fifty years.. The sample will be taken in the form of strata based on age, sex, and income group. Stratified random sampling will be used and from each strata we will go for random sampling. The data will be collected from the primary source as well as secondary sources.

## Profile of HDFC Bank

The Bank was promoted by the Housing Development Finance Corporation Limited, a premier housing finance company (set up in 1977) of India. HDFC Bank commenced operations as a Scheduled Commercial Bank in January 1995. 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".

### Home loan interest rates

Wef: 6<sup>th</sup> Feb 2013

RPLR:16.40% (The rates are subject to change without notice)

Loan slab	Applicable Variable rates%	Basis:RPLR minus spread
Upto and including Rs. 30 lacs	10.15% to 10.65%	RPLR- 6.25to -5.75
Over Rs. 30 lacs	10.40 % to 10.90%	RPLR- 6.00 to-5.50

The applicable interest rates in the Fixed Interest Rate Period (FIRP) are linked to sanctioned loan amount and as per details given below:

Loan Slabs	Interest Rates during the Fixed interest Rate period (%)
Upto and including Rs. 30 lacs	10.50
Rs. 30.01 lacs onwards	10.75

## Profile of SBI

"Pursuant to the provisions of the State Bank of India Act (1955), the Reserve Bank of India, which is India's central bank, acquired a controlling interest in the Imperial Bank of India. On 30 April 1955 the Imperial Bank of India became the State Bank of India. In 1959 the Government passed the State Bank of India (Subsidiary Banks) Act, enabling the State Bank of India to take over eight former State-associated banks as its subsidiaries.

State Bank of India(SBI) is India's largest commercial bank. SBI has a vast domestic network of over 16000 branches and commands one fifth of deposits and loans of all scheduled commercial bank in India. It is the only Indian bank to feature in the top 100 world banks in the Fortune Global 500 rating and various other rankings. SBI plays a vital role in providing working capital and term finance to the Indian industry. Due to its large network of branches, SBI has been able to garner a large chunk of deposits from the rural sector. It is also a leader in the international banking business. The state Bank Group includes a network of seven banks, and several non-banking subsidiaries offering merchant banking services, fund management, factoring services, primary dealership in government securities, credit cards and insurance".

### Home Loan Interest Rate of SBI

EMI in/ lac/ month

Period of loans (Years)	Upto 30 lacs @9.95% p.a	Above 30 Lacs @ 10.10% P.a
30	874	885
25	905	916
20	962	972
15	1072	1081

### Current Floating Home loan Interest rate of SBI

Bank name	Upto 30 lacs	From 30 lacs to 75 lacs	Above 75 lacs
SBI	9.95% p.a	10.10% p.a	10.10% p.a

The processing fee structure (including service tax) is as under:

Loan Amount	Processing fees
Upto Rs. 25 Lacs	0.25% of loan amount, minimum Rs. 1000/
Above Rs. 25 Lacs and upto Rs. 75 Lacs	Rs. 6500/
Above Rs. 75 Lacs	Rs. 10,000/

“In case of Take Over of Home Loans, processing fee is Rs 1,000/- per account, irrespective of loan amount and it is valid upto 30.09.2013.

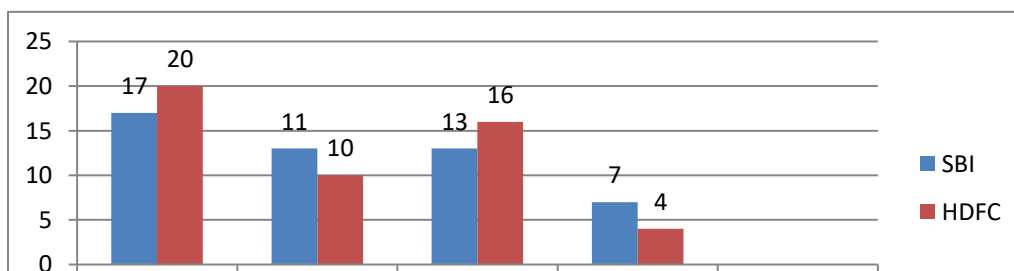
in case of **Take Over of Home Loan with Top-Up loan** , the Processing fee will be 0.25 % of the consolidated loan amount taken over subject to Minimum of Rs 1,000/- and Maximum Rs 10,000/-“

#### Margin/ LTV Ratio:

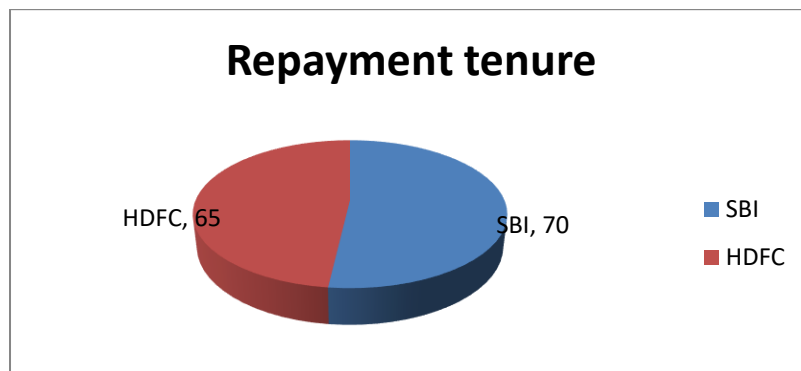
Loan Amount	Margin(Min.)	Maximum LTV Ratio (Max.)
Upto Rs. 20 Lacs	10%	90%
Above Rs. 20 Lacs	20%	80%

## Data Analysis

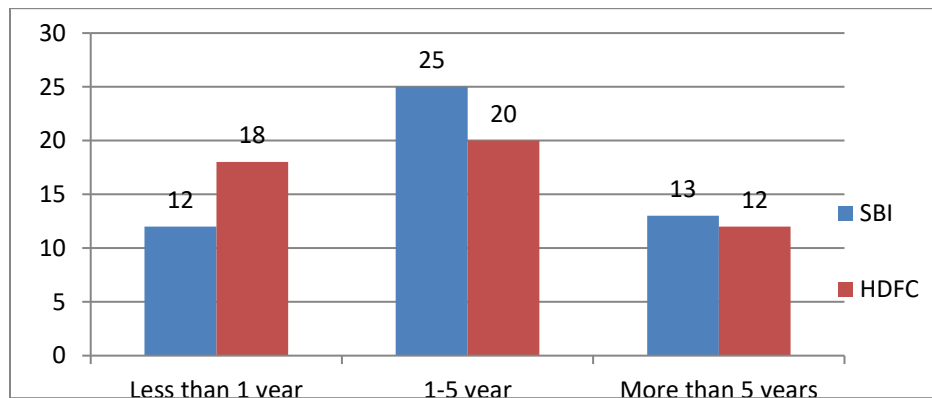
### 1. Occupation of customers.



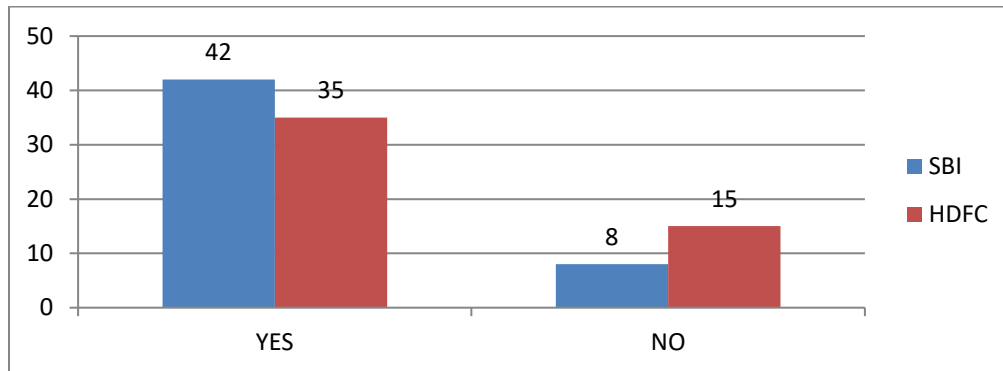
### 2-Repayment tenure regarding SBI and HDFC home loan.



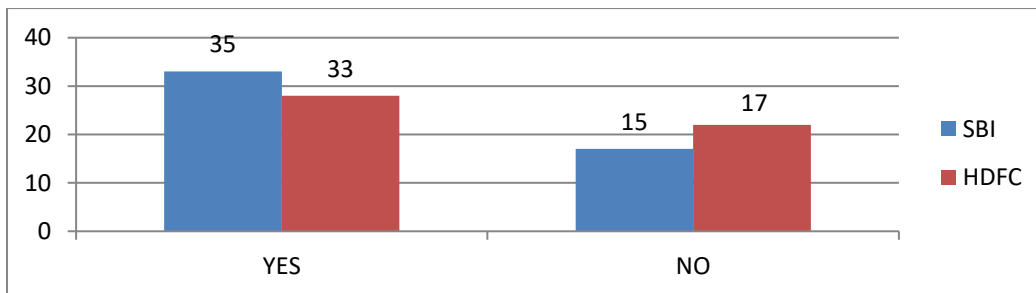
### 3. Association of customer with the Bank.



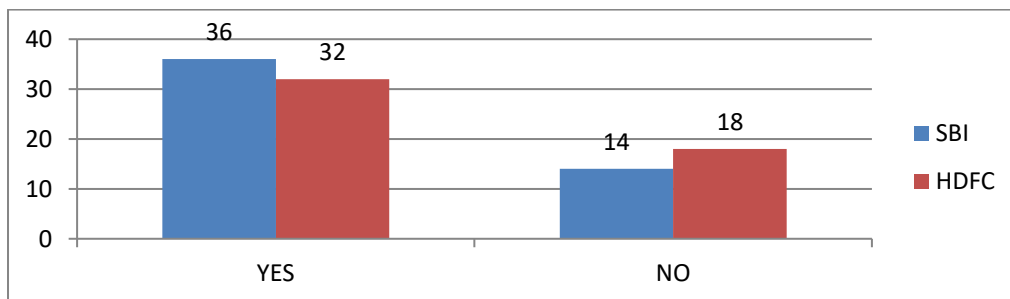
### 4. Awareness of terms and condition of home loan



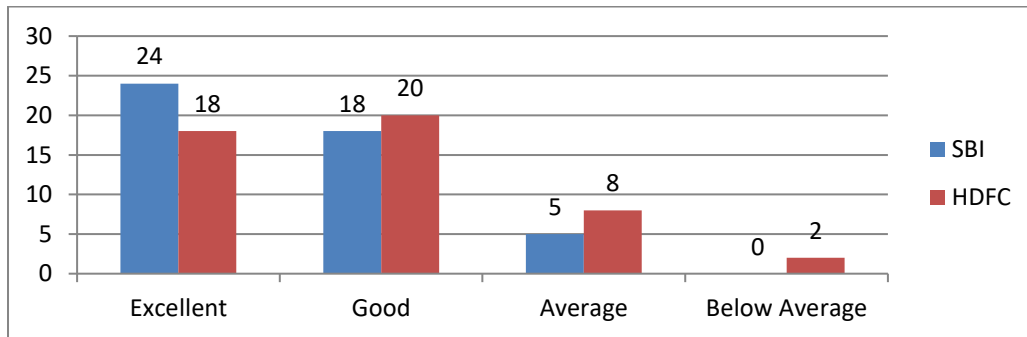
**5 . Appropriateness of cost of home loans provided by SBI & HDFC.**



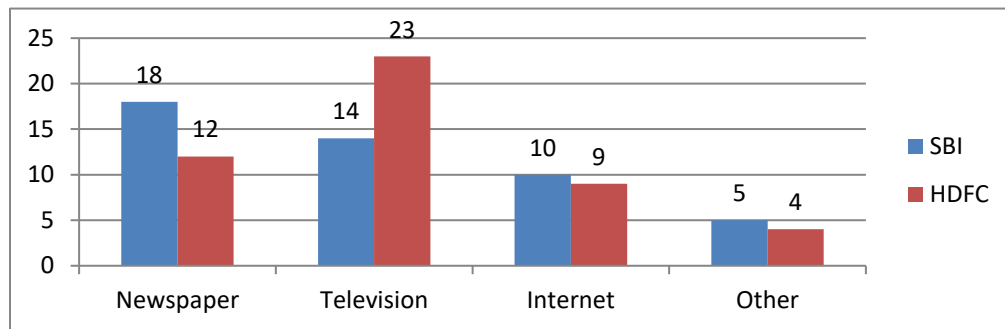
**6. Satisfaction level of customers with the time taken in sanctioning the home loan.**



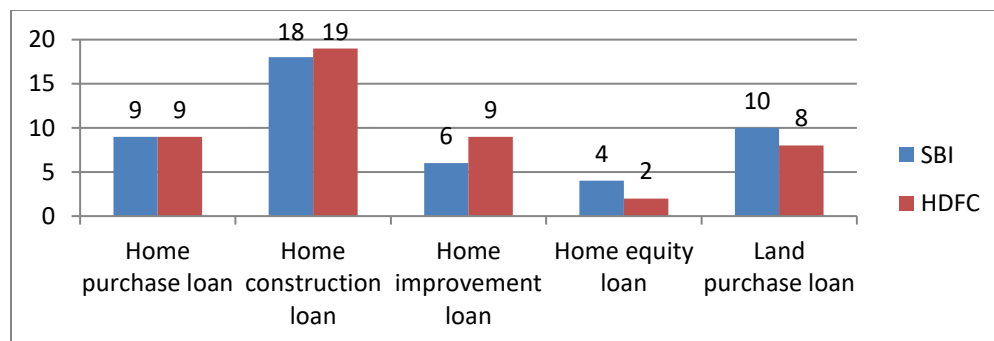
**7. Preferences of customers towards the scheme provided by the bank.**



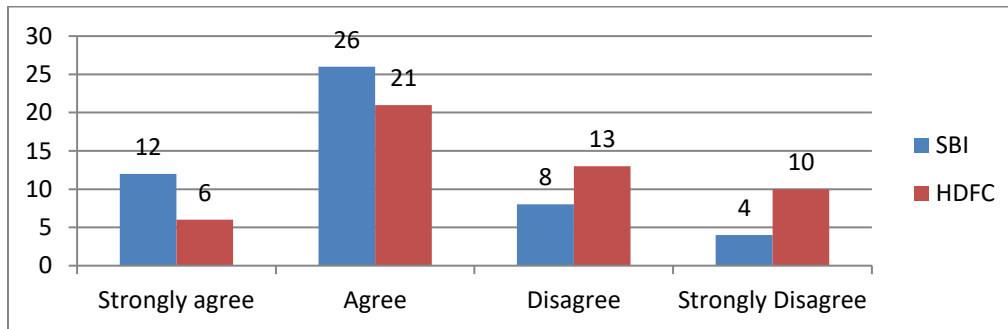
**8. Customers' source of Information regarding the schemes of the banks.**



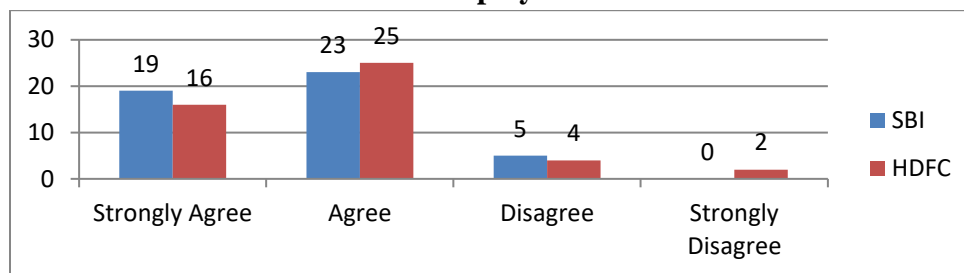
**9. Awareness of the type of Home loan.**



**10. Bank loan processing to the customer.**



### 11. Behavior of employees for customer.



## FINDINGS

1. With SBI 17 peoples are businessmen whereas in case of HDFC 20 peoples are businessmen. The Ration of private employees is more with SBI, i.e, 11 whereas 10 peoples like HDFC. In case of government employees 16 peoples like HDFC whereas 13 like SBI and 7 housewives like SBI and 4 are in the favor of HDFC.
2. Repayment tenure for SBI home loan is 70 years age of an individual while it is only 65 years of age in case of HDFC.
3. Customers have more trust with SBI, So for the longer durations Peoples are associated with the “SBI and for the shorter period people like to invest in HDFC.
4. Awareness about terms and conditions of Home loan is more in the people of SBI and people from HDFC is less aware about the terms and condition of home loan.
5. 33 are satisfied with the cost of home loan of SBI whereas only 28 are satisfied with the cost of home loan of HDFC.17 people said that they are not satisfied with the home loan cost of SBI and 12 said that they are not satisfied with the home loan cost of HDFC.
6. Out of 50, 36 persons are satisfied with the time taken in sanctioning the home loan of SBI and 14 are not satisfied with the time taken in sanctioning the home loan.





With HDFC out of 50,32 persons were satisfied with the time taken in sanctioning the home loan whereas 18 are not satisfied with the time taken in sanctioning the home loan”.

7. In case of SBI, Out of 50, highest percentage of people has given excellent grade to the SBI whereas no one has given below average, 24 people have given good grade to SBI and only 5 people have given Average grades to SBI. In case of HDFC, Highest percentage of people have given only good grade whereas 18 have given excellent and 2 peoples have given below average to HDFC.
8. .For SBI, people are more aware through newspaper whereas in case of HDFC highest awareness comes through Television. Internet plays very limited role in case of both the bank regarding awareness of Home loan.
9. Highest percentages of peoples are aware only about the home construction loan in case of both the bank. Very few people are aware about the Home equity loan. Equal percentages of people are aware about the home purchase loan.
10. Out of 50, in case of SBI, 26 said that they are agree with the bank loan processing, 8 are not agree, 12 are strongly agree and 4 are strongly disagree with the bank loan processing. Out of 50, in case of HDFC , 21 are agree with the bank loan processing, 13 are disagree, 4 are strongly agree and 9 are strongly disagree with the bank loan processing.
11. Highest percentages of people are satisfied with the employee behavior in ICICI, 2 are strongly dissatisfied, 4 are dissatisfied. With SBI, 23 are satisfied with the employees' behavior, 19 are strongly satisfied and 5 are dissatisfied with the employees' behavior of SBI.

## Conclusion

SBI charges only process charges on home loan. HDFC charges both administrative and processing costs on home loan. “Medical checkup is required in insurance of HDFC home loan.

SBI People are more satisfied with the interest rate as compared to the interest rate of HDFC.

Both SBI and HDFC provide value driven services to the customers. People were more satisfied with the employee's behavior of SBI. Processing of SBI is faster than HDFC. As a conclusion it can be said that SBI bank provides better home loan services as compared to HDFC and many people are very much satisfied with SBI. SBI and HDFC are both India's growing banks and due to competition customers will be benefited and Indian Economy will get a boost.

## Suggestions

- HDFC Bank should go for advertisement Campaign from Scratch.
- Strong branch network should be made and staff personnel's incentives should be increased.



- Banks should introduce some new model keeping in mind the loan suitable for medium income group customer.
- Presence of some famous personality in Advertisement or in Pamphlet's insuring better retention in the mind of customers.
- In this age of information, the customer before taking loans collects all the information about various brands. So the banks should provide a combined booklet of the product range in order to upgrade the knowledge of loans.
- As HDFC is the strongest bank in asset holding so it requires improving upon services like repayment and interest rate.
- HDFC bank should develop the trust among the customers for investment".

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