A STUDY OF CUSTOMER SATISFACTION ON HOUSING FINANCE WITH RESPECT TO SUNDARAM BNP PARIBAS HOME FINANCE LTD

R.Abirami*   K.A.Shreenivasan**

*II Year MBA student, School of Management, SASTRA University, Thanjavur, South India.

**Assistant Professor, School of Management, SASTRA University, Thanjavur, South India.

ABSTRACT

Owning a house was once considered as a status symbol but now it is almost become a necessity in life. For constructing a house, finance is considered to be the back bone compared to other factors. Numbers of private players are providing home finance at a competitive rate. Further the procedure for availing home loan is now made easier and at the same time quick disbursement of loan is also noticed. The researcher has taken Sundaram BNP Paribas Home Finance Ltd to understand the level of satisfaction that the customer are having in utilizing home finance facilities provided by them. For the purpose of analysis a structured questionnaire was used to collect the data. The study is specified to Chennai locality. The research is limited to 150 samples from the Sundaram BNP Paribas home finance customers. The sample is combination of self-employed businessmen and salaried employees. The selected sampling design is convenient sampling. The Cronbach alpha is 0.804 which considered good for internal consistency.

INTRODUCTION

In our country housing sector is witnessing a rapid development. Government is taking a lot of measures to encourage the sector. From the point of employment generation, the housing sector is concentrated by the government of India. Once owning a house was a status symbol and people in the high income brackets alone were having properties. To meet the financial requirements for buying or constructing a house both banking and non-banking companies are ready to extend their support.

REVIEW OF LITERATURE

(DR.P.KARTHIKEYAN, 2014) The purpose of the research is to study the customer preference towards various schemes and satisfaction level of loans and advances offered by Lakshmi vilas bank. Kangayem branch. The findings of the study is loan products offered by LVB is satisfactory

when compare to others branches situated in nearest places. To contend, the bank should introduce more products including loans. Over all the customers are satisfied with the existing service.

(**Dutta, 2014**) Objectives of the Study is to understand the customer point of the categories of housing loan , also to understand and compare the services and procedures for loan application and processing in the bank. To find out overall customer satisfaction level on housing loans in the bank.

(**Gowtham.P**) India needs millions of new house every year. With this point of view, the government of India and the government of Tamil Nadu have formulated many development projects for housing. All these effects of Government of India, State Government and the Financial Institutions have led to the growth of Housing in India. The study is to attempt the impact of the consumption of the LIC housing Loan in Coimbatore.

(**Khatri**) The study was undertaken to evaluate the perceptions and satisfaction of the customers towards the home loans scheme provided by The Nainital Bank Limited (NBL), Uttrakhand. This paper examined the satisfaction level and problems faced by customers while availing the home loans. It was found that the customers of the bank were highly satisfied with the home loan services in relation to its services, transparency, time taken for loan approval, employee co-operation and query handling, some problems like procedural delays, lack of knowledge and red-tapisim

(**Kumar.P, 2014**) The study explores factors like the level of satisfaction of customer towards credit facility provide by Lakshmi Vilas bank also to find out and evaluate the major credit facility problems faced by customers while availing service in LVB in Salem.

(**M.Nallusamy, 2012**)   The study was undertaken to analyse the perception of customers towards home finance of Urban Co-operative Bank Limited (UCB), Namakkal. It is found that the customers of the bank were highly satisfied with the home loan services with respect to its services. The results also reveal that the main reason for people to prefer this bank is lower interest rates and easy repayable installments.

(**Pandit, 2014, p. 62**) "Consumer perception towards Home Loan". The objective of the study is to compile the information regarding consumer perception towards Home Loan management

activities that is consistent with its mandate to promote the orderly, integrated and comprehensive development, use and conservation of the loan.

(Priya.P, 2015) The customer who has to choose an appropriate housing agency according to his housing needs. This paper identifies the factors affecting the select the housing agency and factors influencing the customer satisfaction of Housing finance institutions of Krishna district, Andhra Pradesh.

(**Ravindra**) The study to measure and compare the quality of service provided to customers by LIC Housing Finance Limited and HDFC. The research was conducted among 300 home loan beneficiaries by using a structured questionnaire. For analysis various statistical tools has been applied like log linear regression model, mean score values and t-test.

(Saroha, 2013) Housing development depends on the financial institutions such as banks, credit corporations and development banks for meeting the financial needs. This paper performs analytical study of Housing Finance with reference to HDFC and LIC Housing Finance Ltd.

(Singh A. K., 2015) A well-functioning housing market influences not only shelter concern, but also workplaces for home-based entrepreneurs. The research is an attempt to assess the extent to which customers are satisfied with the services offered by HDFC.

(Sopna, 2011) At present the banks are facing tough competitions. The study helps the bank to identify the problems in availing the housing loan scheme provided by the institution. The main objective of the study is to spot the customers satisfaction towards housing loan scheme provided by the bank.

(Varma, 2015) The study was undertaken after examining the literature reviewed and noticed that their exit gap in terms of customer satisfaction towards the home loan disbursed by banks. The problem of the study concentrates on customer views towards the housing loan schemes of the bank.

(Virk, 2012) The research paper tries to make a comparative analysis of level of customer satisfaction towards services provided by public and private sector banks. The study concluded that private sector banks are more preferred by majority of the customer as they emphasize more upon relationship building with their clients.

SCOPE OF THE STUDY:

The whole study is based on "Customer satisfaction on Home Finance with special reference to Chennai city". Data has been taken from Chennai city. Respondents who preferred to avail loan from Sundaram Home Finance are surveyed. The research will enable one to make a complete study on the relationship between Loans availed and customer satisfaction

OBJECTIVES OF THE STUDY

To study the customer satisfaction on home finance. Identify the relationship between the Loan availed and Customer satisfaction. To find out various type of loans offered to customers in home finance market, to identify whether any procedure problem were faced by the customer in availing the loan. Also to find out the most attractive features that attracted the clients to avail loan from NBFCs.

LIMITATIONS OF THE STUDY:

The number of the respondents is only 150 and the study has been restricted to Chennai city only. The data collected are primary in nature. Hence there is chance for a biased of misleading respondent from the customer. The data collected from the customer are qualitative in nature i.e., views, perception, satisfaction, opinion etc., may change from time to time

RESEARCH METHODOLOGY:

1. FREQUENCY ANALYSIS:

Variables	Category	Frequency	Percent
Age	21-30	20	13.3
	31-40	72	48.0
	41-50	50	33.3
	51-60	8	5.3
Occupation	Self Employed	60	40.0
	Government Sector	22	14.7
	Private Sector	68	45.3
Education level	Under Graduate	24	16.0
	Graduate	57	38.0

	Post Graduate	28	18.7
	Professional	18	12.0
	Others	23	15.3
Annual income of the respondent	Below 5 Lakhs	15	10.0
	5 - 10 Lakhs	86	57.3
	Above 10 Lakhs	49	32.7
Type of loan opted	Home Loan	79	52.7
	Home Improvement	18	12.0
	Home Extension Loan	12	8.0
	Land Loan	15	10.0
	Loan against mortgage	26	17.3
Amount of housing loan	Up to 20 Lakhs	36	24.0
	20 - 50 Lakhs	92	61.3
	Above 50 Lakhs	22	14.7
Reference to Sundaram BNP Paribas Home Finance	Referral	26	17.3
	Advertisement	32	21.3
	Builder	21	14.0
	Walk in	5	3.3
	Through sales associate	66	44.0
Tenure of loan	Up to 5 years	17	11.3
	5 - 10 years	82	54.7
	11 - 20 years	51	34.0
Type of interest rate	Fixed	8	5.3
	Floating	142	94.7
Reason for selecting the institute	Speedy processing	61	40.7
	Transparency in operation	23	15.3
	Brand Reputation	32	21.3
	Customer Service	34	22.7
Employee Behaviour	Poor	2	1.3

	Average	13	8.7
	Good	135	90.0
Time taken to process the loan	Highly Unsatisfied	6	4.0
	Unsatisfied	10	6.7
	Neutral	25	16.7
	Satisfied	46	30.7
	Highly Satisfied	63	42.0
Documentation process	Highly Unsatisfied	5	3.3
	Unsatisfied	8	5.3
	Neutral	23	15.3
	Satisfied	50	33.3
	Highly Satisfied	64	42.7
Explaining the plans	Highly Unsatisfied	1	0.7
	Unsatisfied	5	3.3
	Neutral	14	9.3
	Satisfied	50	33.3
	Highly Satisfied	80	53.3
Processing charges	Highly Unsatisfied	7	4.7
	Unsatisfied	24	16.0
	Neutral	38	25.3
	Satisfied	35	23.3
	Highly Satisfied	46	30.7
Penalty on delayed repayment	Highly Unsatisfied	9	6.0
	Unsatisfied	26	17.3
	Neutral	48	32.0
	Satisfied	39	26.0
	Highly Satisfied	28	18.7
Opinion on loan recovery method	Highly Unsatisfied	21	14.0
	Unsatisfied	25	16.7

	Neutral	30	20.0
	Satisfied	18	12.0
	Highly Satisfied	56	37.3
Alerts regarding the dues and payments	Highly Unsatisfied	8	5.3
	Unsatisfied	7	4.7
	Neutral	25	16.7
	Satisfied	62	41.3
	Highly Satisfied	48	32.0
Overall Customer satisfaction level	Highly Unsatisfied	3	2.0
	Unsatisfied	7	4.7
	Neutral	15	10.0
	Satisfied	45	30.0
	Highly Satisfied	80	53.3

2. CORRELATION ANALYSIS:

Correlation analysis between **customer satisfaction level** and the factors mentioned below

HYPOTHESIS FOR TESTING:

Hypothesis is a predictive statement, capable of being tested by scientific methods that relates and independent variable to some dependent variable.

The following hypotheses were set in order to achieve the objectives:

- *H0: There is no significant relationship between the customer satisfaction and rate of interest.*

  H1: There is a significant relationship between the customer satisfaction and rate of interest.

- *H0 : There is no significant relationship between the customer satisfaction and Processing time*

  H1 : There is a significant relationship between the customer satisfaction and Processing time .

- *H0: There is no significant relationship between the customer satisfaction and Documentation Procedure*

  H1 There is a significant relationship between the customer satisfaction and Documentation Procedure.

- *H0: There is no significant relationship between the customer satisfaction and Employee behaviour, assistance.*

  H1 There is a significant relationship between the customer satisfaction and Employee behaviour, assistance.

Factors	Pearson Correlation	Significance (2- tailed)	Inference
Opinion on Interest rate	0.846	0.000	Stronger Correlation
Time taken to process the loan	0.914	0.000	Stronger Correlation
Documentation Procedure	0.421	0.000	Moderate Correlation
Explaining the plans in detail	0.559	0.000	Moderate Correlation
Issuing statements, Receipts on demand	0.521	0.000	Moderate Correlation
Employee Behaviour	0.755	0.000	Stronger Correlation

FINDINGS:

Most of the respondents (52.7%) availed home loan for purchasing and next to it (17.3%) of the respondents' availed loan against mortgage. Maximum number of the respondents (61.3%) availed loan between 20 and 50 Lakhs. 44% of the respondents are associated with the institute through sales associate. Speedy processing was the influencing factor for the respondents to select the institution. 63 respondents (42%) are highly satisfied with the processing time of loans. Processing charges, penalty and the loan recovery methods are the areas where the customers are not satisfied. Interest rate, repayment mode, processing time and loan recovery process are the dominant variables that estimate overall satisfaction level. Around 83.3% of the respondents are satisfied with overall performance of the institute. In the correlation analysis it is inferred that there is a

significant relationship between customer satisfaction and factors namely processing time, Employee behaviour and assistance provided.

RECOMMENDATIONS:

Some of the customers wanted more online presence from the Company. Some of them were not aware that there is a provision to view the status of the loan in the website. It would be better if a communication goes to the customers stating that there is a provision for viewing the details. Some of the customers had asked for more advertisements from the Company. The Company should focus more on advertisements.Offers and other details are to be communicated to the Customers by mailers.

CONCLUSION

With increasing competition Customer satisfaction has become a pillar stone for the success of any business. Sundaram as a brand has always been known for "Customer Satisfaction". It is very evident from the survey that majority of the customers are very happy with the service of Sundaram BNP Paribas Home Finance on all aspects. The Company has to focus more on all these aspects and get rid of the small glitches

BIBLIOGRAPHY

DR.P.KARTHIKEYAN. (2014). A STUDY ON CUSTOMER PREFERENCE TOWARDS LOANS AND ADVANCES WITH REFERENCE TO LAKSHMI VILAS BANK. *International Journal Of Marketing, Financial Services & Management Research , 3* (10), 2.

Dutta, D. (2014). *Customer Satisfaction of Housing Loan from Sbi.* Istitute of Management & Information Science, Bhubaneswar.

Gowtham.P. *CUSTOMER SATISFACTION TOWARDS LIC HOUSING FINANCE WITH SPECIAL REFERENCE TO COIMBATORE.* Bharathiyar University, Master of Commerce, Coimbatore.

Kaur, R. (2013). CUSTOMER SATISFACTION IN RELATION TO THE SERVICES. *GALAXY International Interdisciplinary Research Journal, 1* (2), 10.

Khatri, D. *CUSTOMERS PERCEPTION AND SATISFACTION TOWARDS HOME LOANS IN UTTRAKHAND: THE NAINITAL BANK LIMITED.* Govt. P.G.College, Department of Commerce, Nainital.

Kumar, N. (2011). CUSTOMER SATISFACTION IN NEW GENERATION BANKS. *Researchers World, 2* (11), 10.

Kumar.P, A. (2014). A STUDY ON CUSTOMER SATISFACTION TOWARDS CREDIT FACILITY OFFERED BY LAKSHMI VILAS BANK IN SALEM. *GE-INTERNATIONAL JOURNAL OF MANAGEMENT RESEARCH, 2* (11), 8.

M.Nallusamy. (2012). A STUDY ON CUSTOMER PERCEPTIONS AND SATISFACTION TOWARDS HOME LOANS IN NAMAKKAL. *Namex International Journal of Management Research, 2* (2), 8.

Mylonakis, J. (2009). *Bank satisfaction factors and loyalty: a survey of the Greek bank.* Greece: Innovative Marketing.

Pandit, S. (2014). *Consumer Perception towrds Home Loan.* Chattisgarh Swami Vivekananda Technological University, Master of Business Administration. Bhilai: Disha Institute of Management and Technology.

Priya.P, K. (2015). Customer Preference and Satisfaction towards Housing Finance with Special Reference to Vijayawada, Andhra Pradesh. *The International Journal of Business and Management, 3* (12), 6.

RASHID, M. R. *CUSTOMER SATISFACTION BASED ON THE COMPERATIVE ANALYSIS OF DIFFERENT LOAN PROCEDURES FOLLOWED BY BANKS.*

Ravindra, D. P. SERVICE QUALITY OF HOUSING FINANCE. *ABHINAV NATIONAL MONTHLY REFEREED JOURNAL OF REASEARCH IN COMMERCE & MANAGEMENT, 2* (2), 12.

Saroha, P. (2013). An Analytical Study of Housing Finance in India with special reference to HDFC and LIC Housing Finance Ltd. *Lokavishkar International e-Journal, 2* (3), 18.

Singh, A. K. (2015). ASSESSMENT OF CUSTOMER'S SATISFACTION IN HDFC (AN EMPIRICAL STUDY IN LUCKNOW CITY). *Scholarly Research Journal, 3* (19), 10.

Sopna, D. S. (2011). A study on customer satisfaction towards housing loan in banking sector with refernce to Corporation Bank. *International Journal of Sales and Marketing Management and Research, 1* (2), 8.

Varma, M. A. (2015). A STUDY ON CUSTOMERS VIEW AND PERCEPTION TOWARDS HOME LOAN. *An online interdisciplinary, multidisciplinary & multi-cultural journal, 3* (4), 14.

Virk, N. (2012). Customer Satisfaction: A Comparative Analysis of Public and Private Sector Banks in India. *Information and Knowledge Management , 2* (3), 8.

*****