

FACTORS INFLUENCING SBI HOUSING LOAN BORROWERS

D.Pazhaniammal¹, Dr.R.Venkatesh²

¹ *Ph.D.Research Scholar, Department of Commerce, Don Bosco College, Dharmapuri*

² *Assistant Professor, Department of Commerce, Don Bosco College, Dharmapuri*

pazhani.damodharan@gmail.com

Abstract— Every citizen of the country dreams of having his own house. This takes precedence over other household expenditure and creature needs. Housing is a major expenditure and cannot be funded out of a family's normal monthly income or savings. The prospective homeowner must look for a loan substantial in size and so structured that he can repay it over a longer period of time, in many cases almost one's entire working life. Loan is offered to a borrower to purchase or build a new house on the basis of his/her eligibility and the bank's lending rules. One of the important basic human needs is shelter. House is the ultimate dream of every middle class family. One of the most important benefits of taking a home loan is the interest rate that is allowed on the home loan. Fixed and variable interest rate options are also available for home loans. Many financiers also offer home improvement loans at the same interest rate as they offer the home loans.

Keywords— Commercial Banks, Housing Finance, SBI, Home loan.

I. INTRODUCTION

The concept of housing finance and the housing finance systems has been evolving over time. According to Loic Chiquier and Michael Lea, "Housing finance brings together complex and multi-sector issues that are driven by constantly changing local features, such as a country's legal environment or culture, economic makeup, regulatory environment, or political system". The demand for housing has increased day by day. Housing finance plays an important role as an engine of equitable economic growth though the reduction of poverty and prevents slum proliferation in economy. To meet the growing housing demand the government needs to provide the finance for housing to the people.

II. REVIEW OF LITERATURE

Arti Gaur (2009), the study aims to find out Satisfaction of the borrowers of selected banks and it is predicted that the revenue, cost and productivity, important factors that determine timely measures in enhancement of Indian retail- banking sector. It is estimated that ICICI Bank has outstanding staffing behavior and other services than SBI[1].

Sumathi and Kousalya Devi (2016), the study focus on major factor that influence the satisfaction of borrowers in Public and Private sectors in Coimbatore and it is estimated that borrowers are satisfied but not extremely pleased based on interest rate and terms and condition but at the same time the advertisement on different housing loan scheme are very attractive and so that there is a scope of enhancement of housing in India[2].

Utkarsh Gupta and Richa Sinha (2015), this paper entitles with the major factor that influence in decision making of home loan among the customers, various home loans offered and issues that involve in taking housing loan. It is found that most of customers prefer 'Home purchase' of home loan in SBI and ICICI. Fixed rate of interest is most preferable option and low rate of interest, easy accessibility, reputation of institution are the major factors that influence the customers towards SBI and ICICI[3].

Krishna Priya and Narasimha Rao (2015), this paper insights the factors effecting in choosing the housing agency and major factor influencing the customers to prefer public sector or Private sector Bank. As the result it is found that Promotional measures, Tax relief and Easy monthly installments are the major factors influencing the customers in taking home loan[4].

Kalidoss and Ravikumar (2014), the aims to find out customers perception towards housing loan of SBI. It is found that majority of the customers are not satisfied with rate of interest of housing loan scheme and based on terms and condition, behavioural of housing financiers and redress of grievances is good[5].

Priyanka Saroha and Yadav(2013), the paper investigates about the housing finance of Banks in India and to predict why customer choose HDFC and LIC for home loan. As the result it is predicted that Strong retail loan growth, stable margin and steady asset quality of the major highlights that induce the customers to choose HDFC for housing loan[6].

Kshitija Sawant, and Shrikrishna Mahajan (2013), the paper is based on comparative study of home loan policies and various implementation in various Public sector and Private sector Banks. It is estimated that rate of interest and low income slab in KUC Bank is comparatively high than the other professional bank. It is found that most of policies are customer oriented and other services like easy documentation, less processing fee and quick services banking are the factors that highly influence the customer to choose KUC bank[7].

Kumaraswamy and Nayan (2014), the study focus on the National Agenda identifying the housing priority area of first five year plan and marketing strategies of public and private sector bank and various measures of housing finance. It is estimated that weighted average risk in housing finance is been very low when compared to other retail lending of mortgage loan and rate of interest rate is comparatively high in public sector bank than the private sector bank and it is found that there is healthy sign developing housing loan by marketing housing loan sector[8].

III.OBJECTIVE OF THE STUDY

To identify the factors influencing SBI housing loan borrowers in Krishnagri District.

IV.RESEARCH METHODOLOGY

The study is conducted in Krishnagri district in the state of Tamil Nadu (India). The method of research for the present study is descriptive type of research and the convenient sampling method because the present study based on the individual opinions and also the data collected from the respondents working place, residential areas depends on their availability. Sample size is 230 (Housing Loan Borrowers), the required primary data collected from these 230 housing loan borrowers with the help of a questionnaire. The respondent's consisting of both male and female. The occupational statuses of the respondents are government employees, private employees and professionals. The statistical tools applied in the present study are factor analysis and the Friedman test.

To Identify the Factors Influencing the Housing Loan Borrowers, the researcher has used the following 21 variables namely:

i)Bank finance is competitive and cheaper ii)The application is processed quickly iii)The period of repayment is long, flexible and convenient iv) They do not demand huge collateral security v) They provide better services vi) Bank does not require security deposit while repaying through salary deduction scheme vii) Bank does not charge application processing fee viii)If I default in payment, the bank does not charge fine or penalty ix) In the event of foreclosure, the bank does not charge commitment fees x) Remittances sent through the bank is fast and reliable xi) Low rate of interest xii) Tax Concession xiii) Minimal formalities and procedure xiv) Progressive funding xv) In-house legal and technical services xvi) Minimum miscellaneous charges xvii) Service pre-sanction and post-sanction xviii) Brand name of the Bank xix) Influence of advertisement xx) Proximity to residence and xxi) Several branches.

All the above stated 21 variables are categories or grouped with the help of Factor Analysis technique .It is also called as data redistribution technique. In the Factor Analysis the first step is checking the KMO value .If the KMO value more than 0.07i.e the researcher has collected the sufficient number of samples for the taken variables. In our present case the researcher obtained 0.888 as KMO value it is highly significant at 5% percent level. There values are given in the following KMO and Bartlett's Test.

KMO Test to measure the sampling adequacy

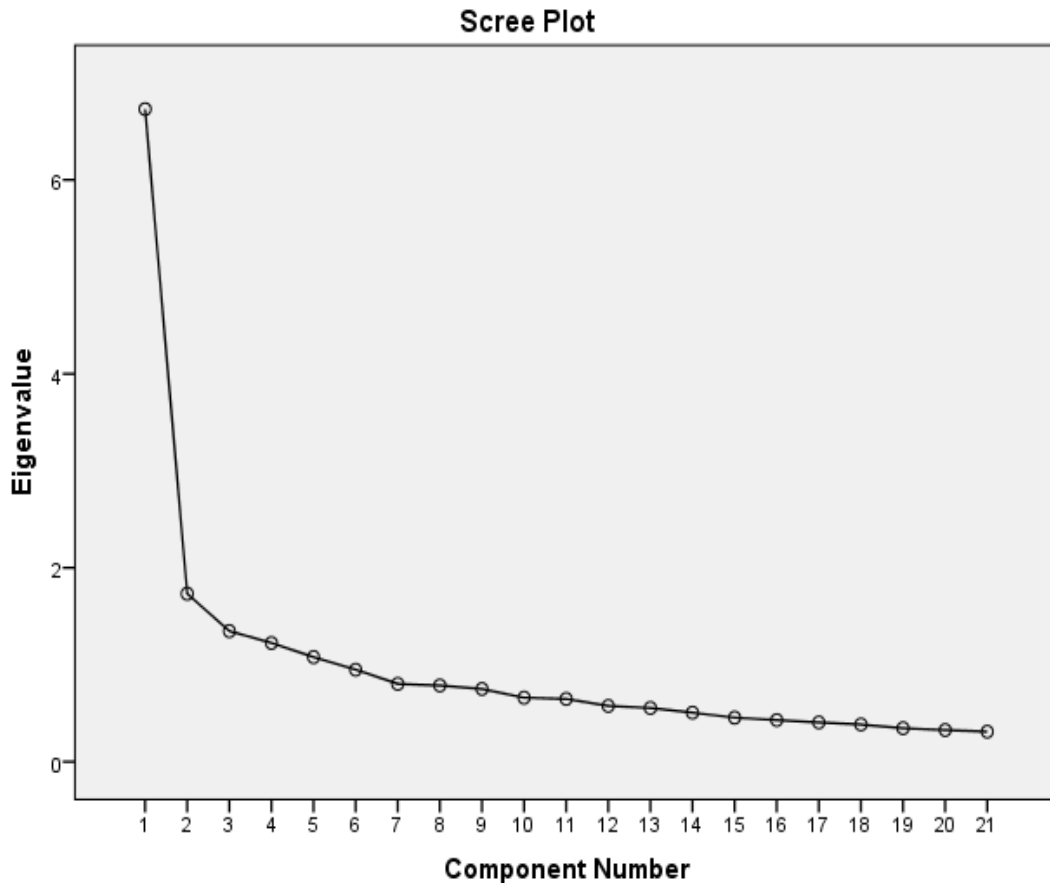
KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.888
Bartlett's Test of Sphericity	Approx. Chi-Square	3288.653
	Df	210
	Sig.	.000

Initial Eigen values and the Rotation Sums of Squared loadings

Component	Initial Eigen values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.730	32.049	32.049	2.728	12.989	12.989
2	1.732	8.249	40.299	2.580	12.287	25.276
3	1.347	6.415	46.714	2.403	11.443	36.719
4	1.224	5.830	52.544	2.298	10.942	47.661
5	1.079	5.140	57.684	2.105	10.023	57.684
6	.949	4.520	62.203			
7	.803	3.823	66.026			
8	.787	3.746	69.771			
9	.750	3.572	73.343			
10	.661	3.146	76.489			
11	.648	3.085	79.575			
12	.575	2.737	82.312			
13	.554	2.636	84.948			
14	.506	2.408	87.356			
15	.454	2.164	89.519			
16	.430	2.047	91.566			
17	.405	1.930	93.496			
18	.383	1.826	95.321			
19	.345	1.645	96.966			
20	.327	1.558	98.524			
21	.310	1.476	100.000			

The above factors given a sign of indicators for number of possible factors .It is confined that the researcher has grouped into five factors because the Initial Eigen values for all these five factors more than 1 The Rotation Sums of Squared Loadings value is more than 50 percent it is suggested to proceed Factor analysis with five factors.

Screen Plot based on Eigen value and Variable Component Number



The above Component number explains the trend of the 21 variables based on Initial Eigen value. The movement of trend from the left it is higher value and step by step downwards towards right .This is a good sign to apply Factor analysis technique.

ROTATED COMPONENT MATRIX FOR THE LEVEL OF INFLUENCING FACTORS OF HOUSING LOAN BORROWERS

Variables	Component				
	1	2	3	4	5
3 The period of repayment is long, flexible and convenient.	.744	.107	.070	.174	.225
2 The application is processed quickly.	.737	.048	.183	-.020	.081
4 They do not demand huge collateral security.	.715	.117	.191	.172	.119
1 Bank finance is competitive and cheaper.	.562	.058	.223	.447	.079
5 They provide better services.	.524	.268	.081	.075	.298

19 Influence of advertisement	.142	.801	.029	.086	.078
18 Brand name of the Bank	.046	.769	.141	.194	.148
17 Service pre-sanction and post-sanction	.179	.598	.284	.196	.105
16 Minimum miscellaneous charges	.122	.555	.254	.147	.119
14 Progressive funding	.135	.263	.681	-.058	.180
13 Minimal formalities and procedure	.256	.174	.669	.155	-.141
7 Bank does not charge application processing fee	.302	.176	.574	.093	.232
12 Tax Concession	.196	.201	.573	.228	.218
11 Low rate of interest	-.116	-.042	.518	.303	.447
21 Several branches	.192	.182	.059	.711	-.014
20 Proximity to residence	.204	.221	.002	.684	.050
10 Remittances sent through the bank is fast and reliable.	.015	.110	.363	.649	.324
15 In-house legal and technical services	-.006	.485	.232	.520	.095
8 If I default in payment, the bank does not charge fine or penalty.	.249	.158	.022	-.095	.784
9 In the event of foreclosure, the bank does not charge commitment fees.	.261	.101	.246	.105	.694
6 Bank does not require security deposit while repaying through salary deduction scheme	.156	.202	.136	.251	.565

From the above Rotation Component matrix table generated based on principal component analysis with Varimax method. From this table the researcher clearly identifies individual variable falls under which of the five factors. In the present situation the first factor consisting of the five variables namely.

The period of the repayment is long, flexible and convenient (0.744)

- (i) The application is processed quickly (0.737)
- (ii) They do not demand huge collateral security (0.715)
- (iii) Bank finance is competitive and cheaper (0.562) and
- (iv) They provide better service (0.524)

Based on the nature of the above stated variables a common name “Flexible” is assigned by the researcher.

The second factors consisting of four variables namely,

- (i) Influence of advertisement (0.801)
- (ii) Brand name of the Bank (0.769)
- (iii) Service pre-sanction and post-sanction (0.598) and
- (iv) Minimum miscellaneous charges(0.555)

Based on the nature of the above stated variables a common name “Convenience” is assigned by the researcher.

The third factors consisting of five variables namely,

- (i) Progressive funding (0.681)
- (ii) Minimal formalities and procedure (0.669)
- (iii) Bank does not charge application processing fee (0.574)
- (iv) Tax Concession (0.573) and

(v) Low rate of interest (0.518)

Based on the nature of the above stated variables a common name “Reliable” is assigned by the researcher

The fourth factor consisting of four variables namely,

- (i) Several branches (0.711)
- (ii) Proximity to residence (0.684)
- (iii) Remittances sent through the bank is fast and reliable (0.649) and
- (iv) In-house legal and technical services (0.520)

Based on the nature of the above stated variables a common name “Taxation” is assigned by the researcher.

Fifth factor “Assurance” consisting of three variables namely,

- (i) If I default in payment, the bank does not charge fine or penalty.(0.784)
- (ii) In the event of foreclosure, the bank does not charge commitment fees.(0.694) and
- (iii) Bank does not require security deposit while repaying through salary deduction scheme (0.565)

Based on the nature of the above stated variables a common name “Assurance” is assigned by the researcher.

Factors influencing Housing Loan Borrowers based on Friedman Test

Housing Loan Borrowers Influencing Factors

Factors	N	Std. Deviation	Mean Rank	Rank
Flexible	460	.656	3.22	1
Reliable	460	.685	2.96	3
Taxation	460	.683	2.84	4
Convenience	460	.706	3.16	2
Assurance	460	.738	2.82	5

The table indicate that Housing Loan Borrowers Influencing factor identified that the most influencing factors is “**Flexible**” occupies first rank followed by **Convenience** second rank, **Reliable** third rank, **Taxation** fourth rank, and **Assurance** fifth rank.

REFERENCES

- [1] Arti Gaur 209, “Customer satisfaction regarding home loans “ A Comparative study of ICICI Bank and SBI Bank “International Journal of Information Technology and Knowledge management July – December 2009, volume 2, no .2, pp. 379-381.
- [2] Sumathi and Kousalya (2016), “Factors Influencing Housing Loan Borrowers of Private and Public sector Banks in Coimbatore City – Comparative study “International Journal of Business, Management and Allied Science , vol 3 Issue 3 .2016.
- [3] Utkarsh Gupta, Dr. Richa Sinha, 2015, “A Comparative Study on Factors Affecting Consumer’s Buying Behavior towards Home Loans (With Special Reference To State Bank Of India And Life Insurance Corporation, Allahabad), www.iosrjournals.org DOI: 10.9790/487X-17211317 www.iosrjournals.org 13 | Page
- [4] Krishna Priya and Narasimha Rao (2015), Customer Preference and Satisfaction towards Housing Finance with Special Reference to Vijayawada, Andhra Pradesh, The International Journal Of Business & Management (ISSN 2321–8916) Vol 3 Issue 12 December, 2015
- [5] Kalidoss and Ravikumar (2014), “CUSTOMERS PERCEPTION TOWARDS HOUSING LOAN: A STUDY WITH REFERENCE TO STATE BANK OFINDIA IN MAYILADUTHURAI TOWN” International journal of Research in commerce, Economics and management VOLUME NO. 4 (2014), ISSUE NO. 08 (AUGUST) ISSN 2231-4245
- [6] PriyankaSaroha and Yadav(2013), An Analytical study of Housing Finance in India with special reference to HDFC and LIC Housing Finance Ltd, Lokavishkar International E-Journal, ISSN 2277-277X,VOL.-II,Issue-III,july,sep2013. Page 60.
- [7] Kshitija Sawant, and Shrikrishna Mahajan (2013), [Housing loan management: A Study of KUC Bank Ltd, Journal of commerce &Accounting research www.reserchgate.net/publication 266456367.3/16.
- [8] Kumaraswamy and Nayan (2014), Marketing of Housing Finance –A comparative study of public and private sector Banks, vol.3/Issue:3March 2014- ISSN No 2277-8160.page no 116.

- [9] of ICICI Bank and SBI Bank “International Journal of Information Technology and Knowledge management July – December 2009, volume 2, no . 2, pp. 379-381.
- [10] Krishna Priya and Narasimha Rao (2015), Customer Preference and Satisfaction towards Housing Finance with Special Reference to Vijayawada, Andhra Pradesh, The International Journal Of Business & Management (ISSN 2321–8916) Vol 3 Issue 12 December, 2015
- [11] Kalidoss and Ravikumar (2014), “Customers Perception Towards Housing Loan: A Study With Reference To State Bank Of India In Mayiladuthurai Town” International journal of Research in commerce, Economics and management VOLUME NO. 4 (2014), ISSUE NO. 08 (AUGUST) ISSN 2231-4245
- [12] Sumathi and Kousalya (2016), “ Factors Influencing Housing Loan Borrowers of Private and Public sector Banks in Coimbatore City – Comparative study “International Journal of Business, Management and Allied Science , vol 3 Issue 3 .2016.
- [13] Utkarsh Gupta, Dr. Richa Sinha, 2015, “A Comparative Study on Factors Affecting Consumer’s Buying Behavior towards Home Loans (With Special Reference To State Bank Of India And Life Insurance Corporation, Allahabad), www.iosrjournals.org DOI: 10.9790/487X-17211317 www.iosrjournals.org 13 | Page
- [14] Priyanka Saroha and Yadav (2013), An Analytical study of Housing Finance in India with special reference to HDFC and LIC Housing Finance Ltd, Lokavishkar International E-Journal, ISSN 2277-277X, VOL.-II, Issue-III, July, Sep 2013. Page 60.
- [15] Kshitija Sawant, and Shrikrishna Mahajan (2013), [Housing loan management :A Study of KUC Bank Ltd, Journal of commerce & Accounting research www.researchgate.net/publication/266456367.3/16.
- [16] Kumaraswamy and Nayan (2014), Marketing of Housing Finance –A comparative study of public and private sector Banks, vol.3/Issue :3 March 2014- ISSN No 2277-8160, page no 116.