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A Study on 3P's Driving Customer's Perception with Reference to Home Loan of Hdfc Ltd.

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Abstract:

A home loan is a long term commitment which is critical. There are many banks and financial institutions through which one can easily avail a home loan. Using customer view assessment and evaluation, various housing finance establishments can focus on the issues most important to the customer and understand points of service strength and weaknesses as viewed by the customer. Consequently, the housing finance sector, as a whole, can develop pertinent service-oriented performance measures and improve the quality of the service offered to society to levels consistent with customer expectation. The study aims at studying the customers' perception on the home loans offered by HDFC Limited, the factors influencing customers in choosing a housing finance agency, reasons for pre closure of home loans and customers' opinion about the Electronic Clearing Service of HDFC Limited. Recommendations were made to improve the services offered by HDFC bank in India

Key words: *Housing finance, Perception, Pre closure & Choice*

1. Introduction

Customer perception is a marketing concept that encompasses a customer's impression, awareness and consciousness about a company or its offerings. Customer perception is typically affected by advertising, reviews, public relations, social media, personal experiences and other channels. In every organisation, regardless of the industry it belongs to and its nature of business, there are three key factors that influence customer's perception towards the organisation. Coincidentally all of them start with the letter "P" – Product, People and Process.

A home loan is a long term commitment of 15-20 years, several factors like expertise, quality of service, in-depth domain knowledge and the company's level of commitment and transparency right through, the loan procedures, the fine print, quality of services offered and safe retrieval of the title deed are critical. Over the last three decades, HDFC has turned the concept of housing finance for the growing middle class in India into a world-class enterprise with excellent reputation for professionalism, integrity and perfect service. HDFC offers the widest range of home loans and each product is designed to meet specific needs of the customer. HDFC does not limit its focus on specific strata of customers. It gives equal importance and priority to each and every customer irrespective of the society they belong to.

2. Review of Literature

- **Shalu Rani (2012)** in her study on "Home Loan: Customers' Perception of HDFC Bank versus ICICI bank" analyzed the customer satisfaction regarding home loan of HDFC bank and ICICI bank. They concluded that customers of both banks i.e. HDFC bank and ICICI bank are satisfied but not highly satisfied due to high rate of interest charged by banks and complicated terms and conditions. On the basis of statistical results the research concluded that there is no significance difference in satisfaction level of home loan customers of HDFC bank and ICICI bank except satisfaction level of customer of HDFC bank and ICICI bank regarding redress of grievances and term and condition for home loan.
- **Kirti Dutta and Anil Dutta (2009)** in their study on "Customer Expectations and Perceptions across the Indian Banking Industry and the Resultant Financial Implications" focused on expectations and perceptions of the consumers across the three banking sectors in India. A study of the financial performance of the banks were analysed to know the perception of service quality has a consequence on the banks bottom line. It was found that in the banking sector it is the foreign banks which are perceived to be offering better quality of services followed by the private and then public banks. It was also found that these perceptions are reflected in the financial performance of the banks also.

- **John Mylonakis (2007)** in his study on “A Research Study of Customer Preferences in the Home Loans Market: The Mortgage Experience of Greek Bank Customers” proposed to study the customers’ attitude toward the possibility of obtaining home loans, the customers’ use of information sources, the choice criteria used by customers in choosing a financial institution and a home loan. They that concluded besides the mortgage product mix and some cost elements (interest rate, prepayment penalty) other important influential factors emerge, such as the various offers of banks, the bank’s reputation, existing cooperation, as well as bank staff.

3. Statement of the Problem

A home loan is not only a profit giving business but a brilliant answer to those who are finding ways to acquire a house without down paying a large amount of money. HDFC has a huge market share and a large customer base yet emerging competitors offering home loans at lower rates of interests and other facilities are attracting majority of the customers. There is cut throat competition to HDFC which makes it essential for it to understand the needs and expectations of its customers in order to retain them. Hence the researcher has undertaken study on the customers’ perception towards home loans offered by Housing Development Finance Corporation Limited, the factors influencing customers in choosing a housing finance agency, reasons for pre closure of home loans by the customers and the customers’ opinion about the Electronic Clearing Service.

4. Objectives of the Study

- To analyze the customers’ perception towards home loans offered by HDFC Ltd.,
- To identify the influencing factors of Housing Finance Companies
- To study the reasons for pre closure of home loans by customers at HDFC Ltd.,
- To know the customers’ opinion about Electronic Clearing Service

5. Research Methodology

This study was conducted in the area of Coimbatore district. The purposes of study 100 respondents were selected and data were collected through questionnaire. This method of data collection was done by convenience sampling method. The primary data were collected from the respondents through questionnaire. The secondary data were collected from various sources like newspapers, books, journals, magazines, published reports research dissertation and websites.

5.1. Tools Used

- Percentage analysis
- Chi-square analysis
- Average score analysis

5.2. Limitations

- The study is restricted to Coimbatore city only.
- The sample size is restricted to 100 respondents only.

6. Findings and Suggestions

6.1. Findings

6.1.1. Percentage Analysis

- Most (42%) of the respondents are educated at graduate level.
- Most (40%) of the respondents belong to the salaried class.
- Majority (65%) of the respondents are married.
- Majority (53%) of the respondents earn family monthly income between ₹15,000 - ₹ 35,000.
- Most (48%) of the respondents reside in urban areas.
- Majority (64%) of the respondents are associated with HDFC for less than 5 years.
- Most (32%) of the respondents have taken a home improvement loan.
- Majority (63%) of the respondents repay their EMI through PDC.
- Most (48%) of the respondents agree with the provision of home insurance while choosing a housing finance agency.
- Most (44%) of the respondents strongly agree that there is variety of home loan products in HDFC.
- Most (43%) of the respondents agree that HDFC offers a competitive interest rate.
- Most (30%) of the respondent agree that HDFC charges a reasonable processing fees.
- Most (38%) of the respondents opined that the employees explanations on terms and conditions are good
- Most (49%) of the respondents agree that there is reasonable documentation and legal formalities in HDFC.
- Majority (92%) of the respondents opined that HDFC permits customers in using ECS mode for payment.

6.1.2. Average Score Analysis

- The pre-closure of home loans are in the order of their importance, moving to a different geographic location is ranked as the first

6.1.3. Chi-square Analysis

- There is no significant relationship between the customers' association with HDFC and their perception on the people factor (human resources) of HDFC.
- There is no significant relationship between the customers' association with HDFC and their perception on the products
- There is no significant relationship between the customers' association with HDFC and their perception on the process

6.2. Suggestions

6.2.1. Information to Customers

Customers opined that there is no proper updating of repayments and also RBI guidelines any such changes on interest rates are not properly conveyed to them. The company can improve the service by telecalling, sending SMS and e-mails to the customers regarding the information within a time limit of one or two weeks.

6.2.2 Awareness

Majority of customers are not aware of the various other home loan products offered by HDFC, other than the product availed by them. Awareness can be created through SMS and newspaper inserts.

6.2.3 Bank Services

Bank should focus more on adequate and necessary staffs and access of good customer care, enhancement of technological capability to serve customers more effectively and highly simplified services.

6.2.4 Procedural Delay

There is procedural delay in banks due to which it consumes more time, if this problem is rectified & if quick process is done existing customers will be satisfied and new customers will be attracted.

7. Conclusion

Now a day customers' expectations are the major challenges faced by the employees of banking services in India. The improvement of quality of service delivery is a vital concern for banking services. Quality of service delivery is increasingly being seen as a key strategic differentiator within the financial services sector. Thus, the study focuses on customer perception and expectations towards service delivery among public and private people. There is no significant relationship between the customers' association with HDFC and their perception on the people factor (human resources) of HDFC. The study found that Most of the respondents strongly agree that the rate of interest at HDFC is low, the customers agree with faster processing, and also they are influenced by minimal formalities and procedures, which are inclined to flexible repayment system. The findings revealed that the three parts of marketing mix that are people, process, product are important for customers while choosing home loan products.

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