

Factors Influencing Customers Choice While Finalizing A Institution for Home Loans – A Case Study of Visakhapatnam City.

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ABSTRACT: Owning a house today is considered a key to wealth accumulation to many middle-income families living in India's cities. Economist rightly argues that owning a house not only determines the financial prosperity of families, but the health of the neighbourhood's and, nationally, other markets for credit, employability, and financial viability is also experienced. Good Housing is a prerequisite for human development and welfare. Without good housing, people cannot realize their full potential and carry on the life they want to lead. Today, with the fast-changing lifestyle, youngsters from the middle-income group urge to own a dream home, which is considered a fundamental prerequisite for healthy living in society. With the rise in prices on one hand, likewise, experiencing a reduction in their purchasing power, on the other hand, it is becoming challenging for middle-class families to accumulate huge funds from their earned income and their small savings. To fulfil their desire to own a house, a home loan is the next best alternative for all such aspiring individuals or families. This study attempts to explore factors that influence the choice to select banks/ housing finance companies by a customer for home loans. The researchers also considered the socioeconomic and demographic factors and studied the effect of their influence was assessed. The findings reveal the factors influencing the choice on selecting banks and housing finance companies by a customer is based on the financial gains such as the fees charged for the processing of the loan, rate of interest, timely sharing of information such as pre-closure charges, income tax enabled services, time for sanctioning of loan and finally, the way customers are being dealt with.

KEYWORDS: Banks, Housing Finance companies, Housing loan, lending agencies, customers preferences, interest rates, quality of services, financial benefits, processing fees, other benefits.

I. INTRODUCTION

Housing is one among the basic needs of the people, as it ranks next to food and clothing. A certain minimum standard of housing is essential for a healthy and civilized living. Housing is important not only for human settlement but also as a foundation for the development of human race. House ownership increases "House Security" McCarthy, Van Zandt, and Rohe. India is emerging as a developing economy on one hand, while on the other hand the country is witnessing rise in prices and the reduction in purchasing power, in such circumstances it is deemed difficult for one to accumulate huge funds at a time. So, to fulfil one's necessity like owning a house, the alternative is to go for a home loan. Choosing housing finance is a most significant decision because it requires a huge capital investment as well as a long-term commitment for a period spread across 15-25 years and a major constraint for such an ownership is lack of finance. The timely intervention by the government by coming out with policies that paved way for the commercial banks and housing finance companies on offering various schemes. Banks and financial institutions have been extensively contributing towards the economies progress cannot be over emphasized. Since then, Banks and financial institutions in general had been facilitating the mobilization, accumulation, and allocation of capital for individuals in this direction. An increase in holding financial assets by the public promotes savings mobilization which leads to higher levels of savings, investment, production, growth, and poverty alleviation. McKinnon (1973)

Middle and Low-income group families aspire for their dream abodes and accordingly, plan for the financial assistances for construction, improvement, extension, and renovation of houses. Such financial assistances are provided by Banks and Housing Finance Companies (HFCs). The financial institutions like public sector banks, private sector banks and housing finance companies are extending their services, in providing credit to the loan seekers, for building their dream homes. Households in developing economies like India, with large population, aspire for their own shelters. Home loan is a long-term commitment spread over years for recovery, factors like expertise, quality of service, the company's level of commitment, the loan procedures, quality of services offered, and safe retrieval of the title deed are critical elements considered while taking home loan, Vanaja,

V.&Sindhuja.J (2013). Customer preferences for home loans is influenced by customers' friendly environment, processing and disbursing methods, rate of interest, payment terms and conditions laid down, and give-aways offered by the banks, Narwal et al., (2013). Consumer perception is important to businesses since it can influence consumer behaviour, which ultimately affects the profitability of a business. All the financial institutions including banks, Housing finance companies are eager to keep the good relationship with the customer over a long period by providing the qualitative services. Today, in the ever-changing competitive environment it is very crucial on determining customers preference that would provide an edge over their competitors This study is an attempt in that direction.

II. REVIEW OF LITERATURE

This Section in the research was an attempt to review the literature on exploring determinants influencing the selection of institutions while choosing home loans by customers.

Anderson, Fox, and Fulcher (1976) analysed Accessibility, bank image, recommendations by friends, Interest charges on loans and other financial considerations are the factors that could influence the choice of the customers while choosing the bank services for home loans. **Alina** (2010) through her study had mentioned factors such as service diversification influenced customers while choosing a bank for home loans.

Jabnoun and Al Tamimi, (2003); **Yavas et al.**, (1997) According to their research findings, The human element of service quality (Staff customer interaction) refers to all aspects of staff/customer interaction in service delivery, is identified as a determinants that influencing the prospective customers while going for home loans.

Mouawad and Kleiner, (1996) through their research have emphasised that Employees play an important role on influencing and impacting customer service because customers today are better educated and well informed.

Sureshchandar et al., (2002) through their research finding had concluded that Consistency in service delivery (Service delivery process) in connection to the processes, procedures, and systems that is making service delivery a seamless experience.

According to **Bahia and Nantel**, (2000) Tangibles of Service (Physical facilities) were one of the few dimensions that influenced the prospective customers in choosing an institution for home loans. While **Parasuraman et al.**, (198), **Bahia and Nantel**, (2000); referred tangibles to physical facets of the service facility; expertise, signage, communication materials etc. had a greater impact while attracting customers in choosing a bank for home loans.

Rashmi Chaudhary and Yasmin Janjhua (2011) had observed that the customers of the bank were highly satisfied with the home loan services with respect to relation to its services, transparency, time taken for loan approval, employee co-operation and query handling, prima facie of some problems like procedural delays, lack of knowledge and red-tapes.

Sangwan p, Bhan k. (2012) evaluated the house loan schemes of PNB, UBI, HDFC and ICICI and analysed the customer's response regarding housing loans and their level of satisfaction and problems faced by them while dealing with the bank. It was observed that people got attracted to lower interest rate and low processing cost in private sector banks and observed that the behaviour of public sector bank employees were not cooperative. Professionals prefer home loans between 10 to 25 lakhs, majority of the customers prefer loan for construction of new house and pledge land papers as security for loan. It was concluded that private sector banks are better in maintaining relationship with customers when compared to public sector banks.

Frangos et al (2012) studied the factors affecting decision to choose a bank for loan among Greek citizens. The survey was carried by administering questionnaires to citizens of Athens. Using factor analysis variables like satisfaction, interest rates, insurances/guarantees, instalments, general loan factors, service quality, and shop design and customer service were selected. It was observed that interest rate followed by service quality factors are significant variables affecting loan taking decision. With reference to demographic factors, it was observed that females, young individuals, employed and educated respondents generally those working in public sector having gross monthly income less than 1000 Euros and annual income less than 8000 Euros and customers who has personal property worth less than 10000 Euros prefer to take loan.

Rehman and Ahmad (2008), their research findings shows that the factors affecting the bank choice of individual customers in Lahore, Pakistan were the facilities provided by the banks to their customer, services being extended to customers, bank convenience, and banks over all environment.

Mariam (2011) through her study revealed that, in terms of the bank choice of the customers for services and products offered by the banks, promotional strategy, convenience/security, bank image, services provided both before and after loans sanctioned, financial benefits, and technology. According to **Ansah** (2014), customers confirm to choose bank upon the interest rate, bank reputation, loan procedures, bank longevity, and low service fees.

Fatah (2018) research results shows relationships with the customer’s decision for loan services from respective banks is based on the bank loan policy, service quality, marital status, and security are highly positive. The study carried out by **Bao** (2015), the finding show that there are 4 factors such as Product characteristics, convenience; Loan Conditions influences to individual borrowers' decision on loan borrowing. With the fast-moving competition and in the manner Indian economy is developing on one hand and Visakhapatnam city today is one among the noted smart cities and one among the ten richest cities in the country is gaining the attention of people as better place to live in due to its calm and scenic beauty. Likewise, customers today are having a wide choice in choosing their banks/ institutions, such situation are creating a stiff competition among the banks and housing finance institutions. In such a competitive environment it is very essential and important for banks and financial institutions to better understand the customers’ needs and preference to attract and gain from out of the growing competition and explore ways to sustain.

III. RESEARCH METHODOLOGY

The objective of the study is to examine the following:

1. The socio-economic profile of the respondents in Visakhapatnam city.
2. Explore factors influencing decision of the customers while choosing Banks or Housing Finance Companies for housing loans in Visakhapatnam city.

The paper is organized as follows: section I deals with introduction. Section II presents review of literature; section III presents the research methodology. Section IV provides empirics of the study; section V follows with the conclusion and suggestions for policy implications.

IV. RESEARCH METHODOLOGY

Simple random sampling was employed to collect data from the selected perspective customers, and home loan borrowers. 250 respondents were reached with the questionnaire out of which 152 filled in questionnaire was submitted. Primary data was obtained through a questionnaire which was specially designed for this study. The questionnaire comprised of questions based on the general and socio-economic characteristics of the respondents such as age, educational qualification, etc. and questions on analysing the factors that could influence the decision of the prospective and the current customers while taking or preferring Home Loans. Researchers used frequency and factor analysis for analysing the data.

Data Analysis and Interpretation : The responses from the customers are collected on 20 statements included in the questionnaire to analyse and interpret the data; frequency and factor analysis were used.

Frequency analysis
Table no.1 Age of the respondents

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|----------|-----------|---------|---------------|--------------------|
| Valid | up to 30 | 21 | 13.8 | 13.8 | 13.8 |
| | 31 to 40 | 86 | 56.6 | 56.6 | 70.4 |
| | 41 to 50 | 45 | 29.6 | 29.6 | 100.0 |
| | Total | 152 | 100.0 | 100.0 | |

Based on the frequency analysis it is observed that 13.8% of respondents fall into the age group of 30 years, 56.6% of respondents fall under the age limit of 31-40 years, 29.6% of respondents fall in the age limit of 41-50 years, who had taken home loans.

Table no.2 Gender of the respondents

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|--------|-----------|---------|---------------|--------------------|
| Valid | Male | 107 | 70.4 | 70.4 | 70.4 |
| | Female | 45 | 29.6 | 29.6 | 100.0 |
| | Total | 152 | 100.0 | 100.0 | |

From the frequency table-2 it is inferred that 70.4% of respondents are male and 29.6% of respondents are female.

Table no.3 Martial status of the respondents

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|---------|-----------|---------|---------------|--------------------|
| Valid | Single | 22 | 14.5 | 14.5 | 14.5 |
| | Married | 130 | 85.5 | 85.5 | 100.0 |
| | Total | 152 | 100.0 | 100.0 | |

While analysing from the table no 3, it is inferred that 14.5% of respondents are not yet married, 85.5% are married and have taken home loan.

Table no.4 Education qualification of respondents

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|------------|-----------|---------|---------------|--------------------|
| Valid | UG | 57 | 37.5 | 37.5 | 37.5 |
| | PG | 70 | 46.1 | 46.1 | 83.6 |
| | Profession | 15 | 9.9 | 9.9 | 93.4 |
| | Other | 10 | 6.6 | 6.6 | 100.0 |
| | Total | 152 | 100.0 | 100.0 | |

From the frequency table no- 4, it is observed that 37.5% of the respondents are graduates. While, 46.1% of them are post graduates, 9.9% of them have pursued professional courses, and 6.6% of respondents have pursued diplomas or certificates programmes.

Table no.5 Occupation of the respondents.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|--------------|-----------|---------|---------------|--------------------|
| Valid | Salaried | 127 | 83.6 | 83.6 | 83.6 |
| | Business | 16 | 10.5 | 10.5 | 94.1 |
| | Professional | 9 | 5.9 | 5.9 | 100.0 |
| | Total | 152 | 100.0 | 100.0 | |

Based on the frequency table -5, it is observed that highest 83.6% of respondents are salaried employees, 10.5% of respondents are entrepreneurs, and while 5.9% of respondent's are practicing professional.

Table no.6 Monthly income of the respondents

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|--------------|-----------|---------|---------------|--------------------|
| Valid | 20001-50000 | 52 | 34.2 | 34.2 | 34.2 |
| | 50001-100000 | 33 | 21.7 | 21.7 | 55.9 |
| | Above 100000 | 67 | 44.1 | 44.1 | 100.0 |
| | Total | 152 | 100.0 | 100.0 | |

From Table.6 it is inferred that 34.2% of respondents have fallen in the income bracket of 20000-50000, 21.7% of respondents fall into the income bracket of 50000-100000, and 44.1% of the respondents fall into the income bracket above 100000.

Table no.7 Nature of Income of the respondents

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|-----------|---------|---------------|--------------------|
| Valid | Permanent | 106 | 69.7 | 69.7 | 69.7 |
| | Temporary | 46 | 30.3 | 30.3 | 100.0 |
| | Total | 152 | 100.0 | 100.0 | |

From the frequency table 7, it is inferred that 69.7% of the respondents are permanent income earners, while 30.3% of respondents are falling into the category of temporary income earners.

Table no.8 Income earning members in the family of the respondents

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|--------------|-----------|---------|---------------|--------------------|
| Valid | Self Income | 60 | 39.5 | 39.5 | 39.5 |
| | Spouse | 51 | 33.6 | 33.6 | 73.0 |
| | Self+Spouse | 22 | 14.5 | 14.5 | 87.5 |
| | Other income | 19 | 12.5 | 12.5 | 100.0 |
| | Total | 152 | 100.0 | 100.0 | |

From the frequency table 8, it is inferred that 39.5% respondents who have availed home loans are single income earners in the family, while 33.6% who availed home loans are dependent on spouse's income, 14.5 of the respondents fall into the category of double income earning members in the family (self-income and spouse income) 12.5% of the respondents are depended on other incomes such as from rents, interest and interest from their fixed deposits, income from agricultural activities.

Table no.9 Institutes from which home loan is availed.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|----------------------|-----------|---------|---------------|--------------------|
| Valid | Public Sector Banks | 63 | 41.4 | 41.4 | 41.4 |
| | Private Sector Banks | 57 | 37.5 | 37.5 | 78.9 |
| | HFCS | 32 | 21.1 | 21.1 | 100.0 |
| | Total | 152 | 100.0 | 100.0 | |

It is observed from table no-9 that 41.4% of respondents have availed home loans from public sector banks, 37.5% of respondents have availed home loans from private sector banks and 21.1% of respondents have opted home loans from housing finance companies.

Table no.10 Amount of Home loan availed.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|----------------|-----------|---------|---------------|--------------------|
| Valid | Up to 15 Lakhs | 65 | 42.8 | 42.8 | 42.8 |
| | 15 to 30 Lakhs | 60 | 39.5 | 39.5 | 82.2 |
| | 30 to 45 Lakhs | 22 | 14.5 | 14.5 | 96.7 |
| | Above 45 lakhs | 5 | 3.3 | 3.3 | 100.0 |
| | Total | 152 | 100.0 | 100.0 | |

Based on the frequency table-10 it is observed that 42.8% of respondents have taken home loans up to 15 lakhs, 39.5 % of respondents have taken loans in the range of 15-30 lakhs, 14.5% of respondents have taken loans between 30-45 lakhs, and 3.3% respondents have availed home loans more than 45 lakhs.

Table no.11 Type of loan availed by the respondents.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------------|-----------|---------|---------------|--------------------|
| Valid | Construction of house | 68 | 44.7 | 44.7 | 44.7 |
| | Purchase of house/ flat | 75 | 49.3 | 49.3 | 94.1 |
| | Renovation | 9 | 5.9 | 5.9 | 100.0 |
| | Total | 152 | 100.0 | 100.0 | |

From the frequency Table no-11 analysis it is inferred that 44.7% of respondents have taken home loans for construction purpose, 49.3% of respondents have been sanctioned home loans for purchase of house or flat, 5.9% of respondents have taken loans for home extension and home renovation respectively.

Table no.12 Extent of difficulty in availing loan

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------|-----------|---------|---------------|--------------------|
| Valid | No | 65 | 42.8 | 42.8 | 42.8 |
| | Yes | 87 | 57.2 | 57.2 | 100.0 |
| | Total | 152 | 100.0 | 100.0 | |

It is observed from frequency table no -12 that 42.8% of respondents expressed that they did not face any difficulty while availing home loans, but 57.2 % of respondents expressed that they had experienced difficulty while availing home loans.

Table no.13 Other benefits availed along with home loan.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|--------------------------------|-----------|---------|---------------|--------------------|
| Valid | Fire insurance | 11 | 7.2 | 7.2 | 7.2 |
| | Concession in rate of interest | 25 | 16.4 | 16.4 | 54.6 |
| | General and other insurance | 37 | 24.3 | 24.3 | 78.9 |
| | Waiver of processing fee | 72 | 47.4 | 47.4 | 95.4 |
| | None | 7 | 4.6 | 4.6 | 100.0 |
| | Total | 152 | 100.0 | 100.0 | |

From the frequency table 13, it is inferred that 7.2% of respondents have availed a benefit of fire insurance for their home, 47.4 % of respondents have availed a benefit of waiver of processing fee,24.3% of respondents have been provided benefit of general insurance,16.4% of respondents hadbeen provided with concession in the rate of interest, 4.6% of respondents expressed that they did not availed any benefit whatsoever.

Table no.14 Preferred mode of payment of respondents.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------|-----------|---------|---------------|--------------------|
| Valid | ECS | 107 | 70.4 | 70.4 | 70.4 |
| | DR | 45 | 29.6 | 29.6 | 100.0 |
| | Total | 152 | 100.0 | 100.0 | |

From the frequency table no- 14,70.4% of the respondents are clearing their instalments through ECS, and 29.6 % of respondents prefer paying directly.

Table no.15 Tenure of payment chosen by respondents.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|----------------|-----------|---------|---------------|--------------------|
| Valid | Up to 10 years | 37 | 24.3 | 24.3 | 24.3 |
| | 10 - 15 years | 44 | 28.9 | 28.9 | 53.3 |
| | 15-20 years | 45 | 29.6 | 29.6 | 82.9 |
| | Above 20 yr | 26 | 17.1 | 17.1 | 100.0 |
| | Total | 152 | 100.0 | 100.0 | |

Based on the frequency table no 15,24.3% had opted to repay their housing loan for period of ten years, 28.9% of respondents have taken loans and agreed to repay in the tenure between 10-15 years, 29.6 % of respondents

have agreed to repay their loans in the tenure between 15-20 years, and finally 17.2 % of respondents have agreed to repay their loans fin the tenure beyond 20 years period.

Table no.16 Source of information about institutions.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|------------------|-----------|---------|---------------|--------------------|
| Valid | Sales executives | 15 | 9.9 | 9.9 | 9.9 |
| | Agents | 12 | 7.9 | 7.9 | 17.8 |
| | Advertis-ments | 10 | 6.6 | 6.6 | 24.3 |
| | Loan melas | 10 | 6.6 | 6.6 | 30.9 |
| | Direct | 105 | 69.1 | 69.1 | 100.0 |
| | Total | 152 | 100.0 | 100.0 | |

While analysing the responses from frequency table no-16 it is clear that 9.9% of the respondents have come to know their institutions while availing for home loans through sales executives, 7.9 % of the respondents have come to know about the institution from agents, while, 6.6% of respondents have gained awareness about the housing finance institution through advertisement and majority of the respondents 69.1% have expressed that they directly approached the institution and on enquiry, had decided to avail home loans. Few factors affecting the behaviour of home loan seekers are obtained by using data-reduction method (factor analysis). The factor analysis normally aims to identify the important factors leading to desired output, but before applying the factor analysis, it is imperative to verify the strength of the factors, their reliability and correlation values. To find these aspects, the Kaiser–Meyer–Oklin (KMO) and Bartlett’s test have been performed and exhibited in the table 17.

Exploring the Factors Leading towards Customer Satisfaction with Home Loan

Table :17 KMO and Bartlett's Test

| | | |
|--|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .676 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 1440.466 |
| | Df | 120 |
| | Sig. | .000 |

From the above table 17, it is found that the Value of KMO statistics is greater than 5, indicating that factor analysis can be employed for the given set of data. The overall significance of the correlation matrix is checked using Barlett’s test of spericity, and it is found that the chi-square value is 1440.466 and the p-value as computed is .000 which supports the validity of the factor analysis.

Table 18, Total Variance Explained

| Compon ent | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
|------------|---------------------|---------------|---------------|-------------------------------------|---------------|---------------|
| | Total | % of Variance | Cumulati ve % | Total | % of Variance | Cumulati ve % |
| 1 | 5.079 | 31.744 | 31.744 | 5.079 | 31.744 | 31.744 |
| 2 | 2.904 | 18.147 | 49.891 | 2.904 | 18.147 | 49.891 |
| 3 | 1.811 | 11.321 | 61.212 | 1.811 | 11.321 | 61.212 |

For further study, three factors having Eigen value greater than one are extracted. The three factors Eigen value along with their cumulative percentage of value is expressed in the above table 18. The result of the factor analysis using principal component method shows that 61.212% of the total variable is explained by classifying these 16 variables into three components. The percentage of total variable is used as an index to determine how well the factor solutions account for, what the variables together represents. The first factor lets denote as F1 is the important factor which explains 31.744% of variance before rotation. the second factor F2 is the second major factor which explains about 18.147%. The third factor F3 which explains about 11.321 % of the variation.

Table:19 Rotated Component Matrix^a

| | Component | | |
|-------|-----------|------|------|
| | 1 | 2 | 3 |
| 19).2 | .871 | | |
| 19).4 | .758 | | |
| 19).1 | .708 | | |
| 19).3 | .680 | | |
| 19).6 | .651 | | |
| 19).5 | .625 | | |
| 17)4 | | .868 | |
| 17) 3 | | .827 | |
| 17) 5 | | .818 | |
| 17).2 | | .719 | |
| 17) 1 | | .614 | |
| 18).4 | | | .779 |
| 18).2 | | | .774 |
| 18).5 | | | .733 |
| 18).1 | | | .698 |
| 18).3 | | | |

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.^a

a. Rotation converged in 5 iterations.

The above table 19, gives the factor loading of the variables under each of the components extracted. To interpret the results, cut off point of 0.5 is decided for each variable. To group them into factors by forming a Rotation Component Matrix. The first factor F1 having 6 significant factor loadings can be named as “customer satisfaction towards home loan”. the second factor F2 having 5 significant factors loading can be termed as “customers awareness of home loan products” and the third factor F3 having four significant factor loadings can be named “borrowers’ perceptions towards home loan features.

V. DISCUSSION

Findings from this study reveals majority of the borrower for home loans fall in the age group between 31 to 40 years. 70.4% of the home loan borrowers are males, while 85.5% of the respondents are married. Interestingly it was observed that 46.1% of the respondents are postgraduates. It is also observed that majority 83.6% of the respondents who availed loans are from the salaried class when compared to the business and professional income class. Around 69.7% of the respondents are permanent employees. About 41.1% of the respondents who have been availing housing loans, falls in the income bracket of above Rs.10,00,000. Out of the total respondents, around 41.4% respondents prefer opting the public sector banks for home loans. From out the total respondents 39.7% of them are single income earners, while 33.6% of the respondents who availed home loans are dependent on spouse’s income. 42.8% of the respondents have availed home loans up to Rs.15 lakhs, while 39.5% of the respondents have availed loans between Rs.30 to Rs.45 lakhs. Likewise, 49.3 % of the respondents had availed home loans for the purchase of house/ flat and 44.7% of the respondents had availed home loans for the construction of house. 57.2% of the respondents had expressed that while their application was being processed, they did experience difficulties. 47.4% of the respondents had benefited the waiver of the processing fee, while 24.3% of the respondents were provided general and other insurance benefits for availing home loan. 70.4% of the respondents preferred ECS as the mode of repayment of their loan amount. 29.6% of the respondents opted 15 to 20years tenure for the loan repayment, while 28.9% of the respondents preferred a tenure of 10 to 15 years. 69.1% of the respondents had expressed that they had approached the institution directly for seeking home loan. when they were clear and fully satisfied with the terms and criteria’s, they finalized the institution for loan approval.

VI. CONCLUSION AND RECOMMENDATIONS

The main purpose of this research was to determine the factors that is influencing customers choice of banks and housing institution while seeking home loans in Visakhapatnam city. The outcome of this research paper can be a value addition to the banks & housing finance marketing research. This research can also contribute to the basics on which banks & housing finance companies can better serve their customers. Practically this research

can help decision makers identify all such factors that could influence their customers while finalizing their preferred banks and housing finance institution while intending to borrow home loans. The following suggestions and recommendations are offered based on the knowledge gained while interacting with the respondents and from the findings. The customers expressed that they were not updated on the repayment's provisions. The companies can improve the service by enabling automatic generated SMS or e-mails to be sent as soon as the entries are made in the loan accounts of the customers in the system. The customers also felt that the changes in RBI guidelines and interest rates are not properly conveyed to them. From the factor analysis, it is observed that the major factors that influence customers in choosing lending institutions was based on three broad factors. The primary factor that had been influencing the customer in choosing the bank or housing finance companies was the financial gains such as the processing fees charged, rate of interest. Next important factor that had been influencing the customers on the choice of banks or housing finance companies was the timely sharing information such as pre closure charges and income tax enabled services, and time taken for sanctioning the loan, and finally the third important factor that had been influencing the choice of bank or housing finance company is the quality of services extended by the respective bank or housing finance companies. The limitation of the research is the study focused area was restricted to Visakhapatnam city. The results might differ if such study is carried out in other part of the country. Customers in the other parts of the country might have different factors that could influence their preferred choice of banks and housing financing companies.

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