

CUSTOMER SATISFACTION ON HOUSING LOAN AVAILED FROM SRG HOUSING FINANCE LIMITED IN SURAT DISTRICT

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ABSTRACT

The research is conducted to analyze customer satisfaction with housing loans provided by SRG Housing Finance Limited in Surat District. The study aims to identify key factors influencing customer satisfaction, such as loan processing time, interest rates, repayment options, and customer service experience. Additionally, it examines the relationship between these factors and overall banking ratings given by customers. A sample of 150 respondents was selected for the study, and data was collected through a structured questionnaire. The study follows a descriptive research design, with data analyzed using statistical tools such as Chi-Square, ANOVA, and percentage analysis. The findings provide valuable insights for financial institutions to enhance their services, improve customer satisfaction, and address challenges faced by borrowers during the loan application and repayment process.

Keywords: Housing Finance, Customer Satisfaction, Loan Processing, Interest Rates, Repayment, Banking Rating, Financial Services.

1. INTRODUCTION

Housing finance plays a crucial role in providing individuals and families with the financial support needed to purchase, construct, renovate, or expand residential properties. It is a key driver of economic development, influencing infrastructure growth, employment generation, and financial stability. The accessibility and affordability of housing loans directly impact the ability of individuals to achieve homeownership, making financial institutions a critical part of the real estate sector. Among the many housing finance providers in India, SRG Housing Finance Limited has emerged as a significant player, offering a variety of home loan products tailored to meet the needs of different income groups. This study focuses on customer satisfaction with housing loans availed from SRG Housing Finance Limited in Surat District, examining the factors that influence borrower experiences and expectations.

Surat, a rapidly growing urban center in Gujarat, has witnessed increasing demand for housing loans due to its expanding population and rising real estate developments. The city's economic growth, driven by industries such as textiles, diamonds, and manufacturing, has led to higher disposable incomes and a greater inclination towards homeownership. However, accessing housing finance can still be a challenge for many individuals due to factors such as interest rates, loan approval procedures, repayment flexibility, and customer service quality. Therefore, evaluating customer satisfaction with housing loans offered by SRG Housing Finance Limited provides valuable insights into the effectiveness of their financial products and services.

The housing finance system functions by offering structured loan products with repayment plans that spread the cost of homeownership over a fixed tenure. These loans often come with interest rates based on market conditions and borrower creditworthiness. While traditional banking institutions play a key role, specialized housing finance companies and microfinance institutions cater to low-income and rural populations who may not meet conventional banking criteria. Government programs such as the Pradhan Mantri Awas Yojana (PMAY) and interest subsidies under Credit Linked Subsidy Scheme (CLSS) have been instrumental in making home loans more affordable for economically weaker sections and lower-income groups. Additionally, regulatory bodies like the National Housing Bank (NHB) oversee and support the housing finance sector to ensure fair practices and financial stability.

Despite its importance, the housing finance sector faces several challenges. High interest rates, complex documentation procedures, stringent eligibility criteria, and lack of awareness among rural populations make it difficult for many potential homeowners to access financial assistance. Moreover, the risk of default and non-performing assets (NPAs) remains a concern for financial institutions, leading to cautious lending practices. To address these issues, financial institutions are leveraging technological advancements such as digital loan processing, artificial intelligence-based credit assessment, and mobile banking to streamline the loan application process and improve accessibility. Additionally, flexible repayment structures, innovative financial products, and targeted awareness campaigns can help bridge the gap between homebuyers and lenders.

Housing finance not only benefits individuals by providing financial security and improved living conditions but also contributes to national economic growth. The housing sector drives demand for raw materials, fuels employment in construction and real estate, and fosters infrastructural development. A well-structured housing finance system ensures

a robust real estate market, stimulates consumer spending, and strengthens financial inclusion. As the sector continues to evolve, the integration of sustainable financing options, increased public-private partnerships, and policy reforms will be key to expanding affordable housing finance solutions. By addressing the existing barriers and enhancing accessibility, housing finance can play a transformative role in making homeownership a reality for a broader segment of the population, fostering economic stability and social progress.

Customer satisfaction in the housing finance sector is determined by multiple factors, including loan processing time, interest rates, repayment options, transparency in financial dealings, and overall service efficiency. Borrowers expect quick loan disbursement, flexible repayment plans, and clear communication regarding loan terms and conditions. Any inconvenience or inefficiency in these areas can lead to dissatisfaction, affecting customer retention and institutional credibility.

Housing loans are long-term commitments, and financial institutions must ensure that customers receive continuous support throughout the loan tenure. Satisfaction also depends on the availability of prepayment options, foreclosure charges, and financial advisory services. Borrowers appreciate institutions that provide personalized loan assistance, easy access to account statements, and transparent interest rate adjustments. Additionally, the role of customer service representatives, grievance handling mechanisms, and digital banking facilities is becoming increasingly important in influencing satisfaction levels.

2. LITERATURE REVIEW

1. **Dr. Krishna Banana (2018) – Customer Satisfaction Regarding Housing Loans** This study assessed the satisfaction level of customers availing housing loans from LIC Housing Finance Ltd. The research focused on factors such as loan approval processes, legal formalities, interest rates, and overall service experience. Using a sample size of 90 respondents, the study concluded that customers who had access to overdraft facilities were more satisfied. The research highlighted the importance of reducing legal formalities and enhancing awareness about schemes and offers to improve customer experience.
2. **Kesavan R (2023) – A Study on Customer Satisfaction Towards Bajaj Housing Finance** This research examined customer satisfaction with Bajaj Housing Finance, focusing on loan accessibility, interest rates, and service efficiency. The study was conducted using 170 respondents and found that customer satisfaction was significantly influenced by processing speed and transparency in loan terms. The study recommended that housing finance companies should simplify loan procedures and provide better customer support to enhance satisfaction levels.
3. **Dr. P. Venkatesh (2020) – A Study on Customer Satisfaction Towards Home Loan** This study analyzed customer experiences with home loans, particularly focusing on factors like processing time, documentation requirements, and staff behavior. The research, which surveyed 76 respondents, indicated that quick loan disbursement and clear communication were key determinants of satisfaction. The study emphasized the need for housing finance institutions to adopt digital platforms to streamline application procedures and improve service delivery.
4. **Zahid Ajaz Bhat (2021) – Factors Influencing Customer Satisfaction Towards Housing Loan Processing** This study explored the factors influencing customer satisfaction with housing loan processing in India. Using a sample of 400 respondents, the research identified key determinants such as credit score requirements, property valuation, and customer service responsiveness. The study concluded that financial institutions must focus on transparent communication and efficient processing systems to boost customer confidence and satisfaction.
5. **S. Mahalakshmi (2018) – A Study on Home Loan Services Offered by Commercial Banks** This research focused on home loan services provided by commercial banks, analyzing factors such as loan interest rates, repayment flexibility, and customer perceptions. The study, conducted in Coimbatore with a sample size of 262 respondents, revealed that while interest rates were a major concern, customers were more satisfied with banks offering flexible repayment options. The study recommended that banks should enhance financial literacy programs to educate borrowers about loan terms and benefits.

3. RESEARCH METHODOLOGY

This study adopts a descriptive research design to assess customer satisfaction with housing finance services. The primary objective is to analyze the factors influencing customer experience and identify areas for improvement in loan processing and service delivery. A structured questionnaire was used to collect primary data from respondents who have availed home loans. The survey focused on key aspects such as interest rates, loan disbursement speed, transparency, and customer service quality. The study employs a convenience sampling method, targeting individuals who have taken home loans from various financial institutions. The sample size consists of 150 respondents from different socio-economic backgrounds to ensure a diverse representation of customer experiences. Both qualitative and quantitative

data were collected to provide a comprehensive analysis. The data analysis was conducted using statistical tools such as frequency distribution, chi-square tests, and ANOVA to identify patterns and correlations between customer satisfaction factors. The study also incorporates secondary data from industry reports, journal articles, and financial institution records to support the findings.

Limitations of the study include potential biases in respondent feedback, a limited geographical scope, and constraints in accessing complete borrower profiles. Despite these limitations, the research provides valuable insights into the housing finance sector and suggests actionable recommendations for enhancing customer satisfaction and service efficiency

4. DATA INTERPRETATION

Demographics of Respondents.

Demographic Factor	Category	Percentage (%)
Gender	Male	71.3
	Female	28.7
Age	25-35 years	46.7
	35-45 years	32.0
Education	Up to High School	16.7
	Graduate	54.0

The majority of respondents were male (71.3%), while females constituted 28.7%. This indicates a higher participation of males in housing loan availing processes. Most respondents fell in the 25-35 years age group (46.7%), followed by 35-45 years (32%). These findings highlight that younger to middle-aged individuals predominantly seek housing loans. Graduates formed the largest group (54%), indicating a well-educated sample, while 16.7% of respondents were postgraduates.

Loan Details and Behaviors

Loan Details	Category	Percentage (%)
Purpose of Loan	Home Purchase	56.7
	Renovation	20.0
Loan Amount	₹10-20 Lakhs	33.3
	₹5-10 Lakhs	31.3
Loan Tenure	5-10 Years	35.3
	15 Years	28.0

The majority of participants (56.7%) availed loans for home purchase, followed by renovation purposes (20%). 33.3% of respondents took loans between ₹10-20 lakhs, and a significant number opted for a loan tenure of 5-10 years (35.3%).

Customer Experience and Satisfaction

Satisfaction Factors	Mean Rating (out of 5)
Acceptable Behavior of Staff	4.11
Clear Communication	4.02
Absence of Hidden Charges	3.16
Affordable Interest Rate	3.27

About 63.3% of customers received loan disbursement within 15 days, but a notable 36.7% faced delays beyond this period. Respondents valued clear communication and transparent processes, with "Acceptable Behavior of Staff" scoring an average satisfaction rating of 4.11 on a 5-point scale. Dissatisfaction was noted for high interest rates and hidden charges.

	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-tailed)
Credit-worthiness	2120.500	3066.500	-.789	.430
Clear communication of SRG	2223.000	3169.000	-.346	.729

Flawless process	2166.500	3069.500	-.353	.724
Feasible assessment of Repayment capacity	2255.000	8033.000	-.197	.844
Absence of hidden charges in loan process	2122.500	7900.500	-.763	.446
Penalty on delayed repayment	1926.500	7704.500	-1.616	.106
Affordable rate of Interest	1900.500	7678.500	-1.739	.082
Clarity on loan details	2145.500	7923.500	-.693	.488
Acceptable behaviour of the staff	2221.500	3167.500	-.355	.723
Convenient working hours	2114.000	7892.000	-.813	.416

Null Hypothesis (H₀): There is no significant difference between the responses of males and females for the given attribute. (i.e., The distributions of the responses for males and females are identical.)

Alternative Hypothesis (H₁): There is a significant difference between the responses of males and females for the given attribute. (i.e., The distributions of the responses for males and females are not identical.)

Interpretation

For all six attributes, the null hypothesis (H₀) assumes no significant difference in responses between males and females, indicating that their distributions are identical. The p-values for all attributes are greater than 0.05, meaning we fail to reject the null hypothesis in every case. This suggests there is no statistically significant difference in perceptions between genders regarding credit-worthiness, clear communication of SRG, flawless process, feasible repayment capacity assessment, absence of hidden charges, and penalties on delayed repayment. Hence, both genders perceive these attributes in a similar manner.

Test Statistics					
	Trust of institution	Loan Process Duration	Staff/ Agent's Behaviour	Repayments (Instalments)	Facilities
Chi-Square	.286	.196	.24	2.001	2.040
df	3	3	3	3	3
Asymp. Sig.	.963	.978	.971	.572	.564
a. Kruskal Wallis Test					
b. Grouping Variable: 5. Education					

Null Hypothesis (H₀): There is no significant difference in the responses for the given attribute across education levels. (i.e., The distributions of the responses are identical across different education levels.)

Alternative Hypothesis (H₁): There is a significant difference in the responses for the given attribute across education levels. (i.e., The distributions of the responses are not identical across different education levels.)

Interpretation :

The Kruskal-Wallis Test results for the attributes—Trust of institution, Loan Process Duration, Staff/Agent's Behaviour, Repayments (Instalments), and Facilities—indicate that all Asymp. Sig. values are greater than 0.05, with Chi-Square values being low. Therefore, we fail to reject the null hypothesis for all attributes. This implies that there is no statistically significant difference in the responses across different education levels for any of the attributes. The distribution of responses remains consistent regardless of education levels.

5. CONCLUSION

The study on customer satisfaction regarding housing loans availed from SRG Housing Finance Limited in Surat District highlights key factors influencing borrower experiences, including loan processing time, interest rates, repayment options, and overall banking services. The analysis shows that the majority of borrowers fall within the 25-35 age group, indicating strong demand for housing finance among young professionals. Additionally, middle- and high-income individuals (earning ₹4-6 lakhs and above) dominate the loan market, emphasizing the importance of tailored loan offerings for different economic segments.

Home loans remain the most preferred loan type, followed by renovation and construction loans. The data also suggests that most borrowers opt for loan amounts between ₹5-20 lakhs, reflecting affordability constraints and prevailing real estate prices. While borrowers appreciate quick disbursement, transparency, and security, concerns regarding interest rates and documentation requirements remain significant. The preference for secured loans suggests that borrowers prioritize lower risk and favorable terms when making financial commitments.

To enhance customer satisfaction, financial institutions should focus on improving loan processing efficiency, reducing documentation barriers, and offering competitive interest rates. Increasing financial literacy, particularly among lower-income groups, can further bridge the gap between housing demand and accessibility. Addressing these challenges will enable SRG Housing Finance and similar institutions to improve their service quality, expand their customer base, and strengthen borrower trust in the housing finance sector.

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