A COMPARATIVE STUDY OF HOME LOAN PROCESSING BETWEEN PUBLIC SECTOR AND PRIVATE BANKS IN VELLORE TOWN

[1]MR. Madhan Kumar V, [2]Dr.V.Kaarthekheyan
[1]Student, [2]Head of the Department
[12]Department of management sciences
[12]Hindusthan College of Engineering and Technology, Coimbatore ,Tamilnadu
[1]madhankumarv2101@gmail.com, [2]mbahod@hicet.ac.in

Abstract—**Housing finance plays a crucial role in the economic development of a country, particularly in a growing economy like India. This study aims to analyze and compare the home loan processing systems between public sector banks and private sector banks. The research focuses on key aspects such as interest rates, loan processing time, documentation procedures, transparency, digital banking support, and customer satisfaction.**

The study adopts a descriptive and analytical research design using primary data collected from 85 respondents through structured questionnaires. Statistical tools such as percentage analysis and chi-square tests are applied to evaluate the data. The results indicate that public sector banks are widely preferred due to lower interest rates and higher trust levels, while private sector banks excel in faster loan processing and better customer service. However, the statistical analysis reveals that there is no significant difference in overall customer satisfaction between the two sectors. The study provides valuable insights for customers, financial institutions, and policymakers to enhance the efficiency and effectiveness of home loan services.

Index Terms—**Home Loans, Public Sector Banks, Private Sector Banks, Loan Processing, Customer Satisfaction, Interest Rates, Banking Services, Housing Finance**

I. Introduction

The banking sector in India has changed a lot over the few decades. This change is because of economic liberalization, financial sector reforms, rapid technological advancements and more competition among banks. These changes have made banking services more efficient, accessible and diverse for customers.

Home loans are one of the important services provided by banks. They help people achieve their long-term goal of owning a house, which's a key milestone in financial and social stability.

In years the demand for home loans in India has increased a lot. This is due to urbanization population growth, rising disposable income levels and changing lifestyle preferences. The government has also launched initiatives and housing schemes to promote housing, such as subsidies and tax benefits. These have encouraged people to invest in properties. As a result housing finance has become a segment in the banking and financial services industry.

Both public sector banks and private sector banks provide home loan services to customers. However they differ in their strategies, service delivery mechanisms and customer engagement approaches. Public sector banks are backed by the government. Are seen as more reliable and trustworthy. They offer interest rates, stable policies and a sense of security. This attracts a segment of customers particularly those who are risk-averse. Private sector banks are known for their approach. They focus on efficiency, innovation and customer convenience.

They use technology to streamline loan processing reduce turnaround time and provide enhanced customer service through digital platforms. Features such as application, quick approval systems and personalized services make private sector banks an attractive choice for customers who prioritize speed and convenience. Home loans from both public and private sector banks enable individuals to fulfill their aspiration of owning a house. The banking sector continues to play a role, in providing home loan services to customers.

II. Statement of the Problem

When you are looking for a home loan you need to think about it for a time so it is very important to pick the right bank. There are banks to choose from and they all have different interest rates it takes them different amounts of time to process the loan they need different documents and the service they provide is not the same. This makes it hard for people to decide which bank is the best for them.

Some banks are run by the government. They usually charge lower interest rates on home loans. However home loans from these banks can take a time to be approved and the process can be complicated. On the hand banks that are not run by the government can give you the money for your home loan quickly but you will have to pay more money for this service. This makes it hard for people to know which type of bank is better.

People do not have a way to compare government banks and private banks to see which one provides better service to customers. This study is meant to look at both types of banks and compare them to see what they are good at and what they are not good at specifically when it comes to home loans and how happy the customers are with the service they get from home loans. This study will compare home loans from public sector banks and private sector banks to see which one is better, for people who need a home loan.

III. Objectives of the Study

1. To analyze and compare the procedures of home loan disbursement between major public sector and private sector banks.
2. To assess customer satisfaction levels regarding home loan services across public and private banks.
3. To examine customer preferences and factors influencing the choice of bank for home loans, such as interest rates, loan tenure, processing speed, service transparency and documentation.

IV. Research Methodology

The study looks at how customers feel about getting a home loan from public and private sector banks. It uses a mix of methods to gather information and understand what customers think. The descriptive method presents facts about what customers think and feel. This helps to understand their opinions and current situation. The analytical method digs deeper to find out how different things affect customer satisfaction. It looks at how each banking sector does in terms of efficiency, transparency and service quality. By using both methods the study gets a picture of both sectors. The study compares public and private sector banks on home loan processing. It checks how customers perceive and experience home loan processing in both sectors. The goal is to see how well they do in terms of efficiency, transparency and service quality for home loans. Customer perceptions and experiences with home loan processing are examined. The study adopts an analytical research design for home loan processing. It examines customer perceptions and experiences with home loan processing in public and private sector banks. Customer satisfaction with home loan processing is evaluated. The study looks at efficiency, transparency and service quality for home loans in both sectors. Home loan processing in public and private sector banks is compared. The study uses an analytical approach for the comparison. It presents existing conditions and opinions of respondents on home loan processing. The analytical approach enables evaluation of differences and relationships among factors influencing customer satisfaction with home loans. The study ensures an understanding of home loan processing in both sectors. The combined methodology provides a picture of efficiency, transparency and service quality for home loans. It helps to understand how customers perceive home loan processing in public and private sector banks.

V. Research Plan and Data Source

The research is mostly about what people say when we ask them questions. We asked people who got home loans from banks like the public sector banks or the private sector banks. We wanted to know what they think and how they feel about the experience. We made a list of questions. Asked these people to tell us about their experiences with home loans what they like and if they are happy, with the service. We then looked at all the answers. Tried to make sense of them. By talking to the customers we can get a better idea of what is really going on with banks and what people want from them. We got this information from the people who actually got the home loans so it is more likely to be true and helpful.

VI. Sources of Information

The study is based on information that comes from people who have taken home loans. This information is collected using questionnaires that are given to home loan customers. The answers from these people tell us a lot about what they think of banks. We use these answers to understand how customers behave when they are taking home loans. We look at what makes them choose one bank over another. We compare how well public banks and private banks do when it comes to giving home loans. The home loan customers are the ones who help us understand what is important, to them when they are dealing with banks. We look at the home loan process. See how public and private sector banks are doing in this area.

VII. Research Design

This study uses a research plan to find out what customers think about home loan services. The plan looks at what customers like. Do not like and how happy they are with the services. The study also compares the differences between public and private sector banks. By using this type of research plan the study can show what is really going on and also point out the differences in how the banks provide services how efficient they are and what customers think of them. The study looks at home loan services in public and private sector banks to see how they are different. The goal is to understand customer opinions and satisfaction levels, with home loan services.

VIII. Sample Size

The study is done with 85 people who're customers of banks. These customers are from banks and private banks. We think 85 people is enough to get an idea of what customers think and to do some number crunching. We picked these 85 people so that they have experiences and opinions about getting a home loan. This helps make the study more believable. The study is, about home loan processing. We want to know what customers think about home loan processing.

IX. Sampling Method

This study uses a way to pick the people who will be part of it. The people who are chosen are the ones who have gotten home loans or know a lot about home loans. We only picked these people because they can give us the information we need to answer our questions. We did it this way so that the information we get is good and useful for our study. We did not just pick people randomly because that would not help us. The people, in our study are the ones who can tell us about home loans. Home loans are what we are trying to learn about. So we made sure to pick people who know about home loans.

X. Methods of Data Collection

The study used a list of questions to get information from people. This list had questions that could be answered with a yes or no and questions that gave people a few options to choose from. The list was given to people on the internet and also in person. This way more people could answer the questions. It was easier, for them. The study got answers quickly. Heard from many different kinds of customers.

XI. Statistical Tools Used for Analysis

To look at the information we got we used a lot of math tools. We looked at percentages to make the information easy to see and understand, which helped us find trends and patterns in what people said. We used the Chi-Square test to see if there was a difference between things like how happy customers were and what kind of bank they used. We also compared private banks to see how they were different when it came to getting a loan how good their service was and how people felt about using them. Using all these tools together helped us understand the information in an correct way. The statistical tools and the percentage analysis and the Chi-Square test all worked together to help us get an understanding of the data from the respondents and the information, about the banks.

XII. Scope of the Study

The study is about home loan processing systems of public and private sector banks. The study looks at things like interest rates, loan processing time documents needed, transparency, customer satisfaction and digital banking services. Interest rates are important because they affect how much customers pay. Loan processing time is crucial as customers want results. Documents needed vary from bank to bank. Can be a hassle. Transparency in procedures and charges helps customers understand what they are getting into. Customer satisfaction levels show how happy customers are with the service. By checking these factors the study wants to understand how well public and private sector banks work. The study also wants to see if they meet customer expectations. The goal is to show the bad points of each sector. This will help customers choose the bank for home loans. The study only looks at a group of people and a certain area. So the results might not apply to everyone or all banks in the country. The study focuses on home loan processing systems of public sector banks and private sector banks. It examines interest rates offered by public sector banks and private sector banks. The study analyzes loan processing time of public sector banks and private sector banks. It looks at documentation requirements of public sector banks and private sector banks. The study checks transparency in procedures and charges of public sector banks and private sector banks. It also looks at customer satisfaction levels, with public sector banks and private sector banks. The study examines the availability of banking services of public sector banks and private sector banks.

XIII. Limitations of the Study

The study has some problems that might affect what we can learn from it. For one thing the study only asked 85 people for their thoughts, which's not a lot of people to represent all the home loan customers out there. The study also only looked at people from one area so we do not know if the results would be the same in places. The information we got from people is based on what they think and feel which can be affected by what has happened to them what they like or do not like and what they know or do not know. The study on home loan customers only looked at a things like interest rates how long it takes to get a loan and if people are happy with the service. The study on home loan customers did not look at important things like how home loan customers will be affected in the long run or how changes in rules might affect home loan customers. We need to remember these problems when we look at what the study, on home loan customers says.

XIV. Findings of the Study

The study of customer data shows some points about what people think of home loan services. Most people, 75 percent choose public sector banks for home loans. They prefer these banks because they offer interest rates and people trust them more. Interest rates are the thing that people consider when choosing a bank for a home loan. This means that the cost of the loan is very important to customers. The loan application process is seen as easy and not too complicated by people. This suggests that banks have made it simpler for customers to apply for loans. Loans are usually approved within one to two weeks. This shows that banks are somewhat efficient in processing loan applications. Most customers use banking services, which are widely available. This shows that technology is becoming more important in banking. Many customers are happy with the services provided by banks. This means that both public and private sector banks are meeting customer expectations well. Public sector banks are preferred by customers because of their interest rates and trust. Interest rates play a role in customers decision-making process when it comes to home loans. The home loan application process is simple and manageable for customers. Banks have made efforts to make loan applications easier for customers. Digital banking is widely used by customers. Is important for banking operations. Customers are satisfied with the services provided by both private sector banks. The study finds that public sector banks are popular among customers, for home loans. Home loan customers value interest rates and trust when choosing a bank.

XV. Statistical Findings

The study on public and private sector banks used a test called the chi-square test. It shows that public sector banks and private sector banks are different. The difference is in how they handle loan applications and paperwork. They have processes for loan applications. They require documents. Customers notice these differences when they apply for loans. Surprisingly customers are equally happy with both types of banks. Customers also find both types of banks to be transparent. Both types of banks offer digital banking services. Customers have an experience with both types of banks. This means that even though public sector banks and private sector banks work differently they end up making customers equally satisfied. The study also shows that public sector banks and private sector banks have service quality. In the end customers get an experience from public sector banks and private sector banks. The findings highlight that public sector banks and private sector banks have procedures. They are similar when it comes to customer satisfaction. The study compared public sector banks and private sector banks. It looked at loan applications, paperwork, customer satisfaction, transparency and digital banking services. The results are useful for customers who use public sector banks and private sector banks. The study used data to compare public sector banks and private sector banks. The square test helped to find the differences between public sector banks and private sector banks. The study is, about public sector banks and private sector banks. It shows how public sector banks and private sector banks are different and similar.

XVI. Suggestions

1. Making Loan Processing Better

• Public sector banks should make the loan process faster by making their rules simpler.

Banks can do this. Loan processing time will be reduced.

• Using computers to check and approve loan applications will make things happen faster.

• Banks should tell customers when things will happen so they know what is going on.

2. Making Documentation Easier

• Banks should make it easier for people to get home loans by not asking for many papers.

• Banks should give people a list of the papers they need before they start the process.

• People should be able to send their papers to make things easier.

3. Improving Online Banking

• Banks should make their websites and online systems better for people to apply for loans and check on them.

• Banks should make sure their mobile apps can do everything people need for their home loans.

• Using computer systems that can think like people can make the experience better for customers and reduce mistakes.

4. Being Honest About Costs

• Banks should tell people about all the costs like fees for processing and penalties for paying

• Banks should always be honest with people about the loan process.

• People should get a list of what the loan means and what they have to do.

5. Competitive Interest Rates

• Private sector banks should think about offering interest rates to get more customers.

• Public sector banks should keep being the best but offer people flexible ways to pay back their loans.

• Banks can make special interest plans, for each customer based on what they need.

XVII. Conclusion

The study looks at how home loan processing systems work in public and private sector banks. It shows what is good and bad about each and how well they do in meeting what customers want. It is clear that both types of banks are important in the housing finance market because they offer different loan products and services to customers. Each type of bank has its way of doing things, which affects what customers like and do not like.

A lot of customers like public sector banks because they have interest rates and people trust them because they are owned by the government. These banks seem safer to customers who want to be sure their money is safe and they can pay back their loans over time. However it can take a time to get a loan from these banks and the paperwork can be complicated. They are also not very flexible when it comes to helping customers.

On the hand private sector banks are good at using new technology and doing things in new ways. They can process loans faster. Make things easier for customers. They also try to help customers better which customers like.. The interest rates at these banks are higher and they charge more fees, which can be a problem for customers who do not have a lot of money.

Even though public and private sector banks do things differently the study shows that customers are about equally happy with both types of banks. This means that both types of banks are doing a job of giving customers what they want just in different ways. Customers think about things when they decide which bank to use, including how much it costs how fast it is, how honest the bank is and how well the bank helps them.

The study also shows that there is no one bank for all customers. Instead customers choose a bank based on what they want and need. Some customers like public sector banks because they have interest rates. Other customers like sector banks because they are faster and more convenient.

The study says that banks need to keep getting better. Public sector banks can do this by using technology making their online services better and processing loans faster. Private sector banks can attract customers by having lower interest rates and being more open about what they charge and how they do things.

References

[1] Khan, M. Y. And Jain, P. K. Wrote a book called Financial Management: Text, Problems and Cases. It is in its 8th edition, published by McGraw Hill Education in 2018.

[2] Kotler, P. And Keller K. L. Are the authors of Marketing Management, which's in its 15th edition, published by Pearson Education in 2016.

[3] Mishkin, F. S. Wrote The Economics of Money, Banking and Financial Markets. It is in its 12th edition, published by Pearson in 2019.

[4] The Reserve Bank of India published a Report on Trend and Progress of Banking in India in 2023. You can find it here: https://www.rbi.org.in

[5] The State Bank of India has information on home loan policies and interest rates and you can check it out here: https://sbi.co.in

[6] HDFC Bank offers housing loan products and services and you can find more information here: https://www.hdfcbank.com

[7] ICICI Bank has details, on home loan features and interest rates and you can see it here: https://www.icicibank.com

[8] Kothari, C. R. Wrote a book in 2014 called Research methodology: Methods and techniques. It was published by New Age International Publishers. Then I found a report from Reserve Bank of India that came out in 2022. This report is called Banking statistics and financial inclusion report. You can find it on the website https://www.rbi.org.in.