

Awareness Level of Borrowers about Housing Finance in Both the Private and Public Sector Commercial Banks with Reference to Erode District

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This study aims to evaluate the awareness levels of borrowers regarding housing finance schemes offered by both private and public sector commercial banks in Erode district. Housing finance is an essential aspect of homeownership, and understanding borrower awareness is crucial for ensuring that they can make informed decisions when availing of housing loans. The research examines various factors that influence borrower awareness, such as marketing strategies, customer education, and the role of financial literacy in shaping perceptions. Through surveys and interviews with borrowers from both sectors, the study provides insights into the effectiveness of current communication channels and the level of understanding borrowers have about the terms, conditions, and benefits of housing finance. The findings suggest that while there is a relatively high awareness level in the public sector, borrowers in private sector banks face challenges in comprehending certain aspects of the housing loan process. Recommendations for enhancing borrower awareness, including improving outreach programs and increasing financial literacy efforts, are discussed.

Keywords: Housing finance, borrower awareness, private sector banks, public sector banks, financial literacy, Erode district, commercial banks, marketing strategies, customer education, financial awareness

1. Introduction

Housing finance plays a critical role in enabling individuals to achieve the dream of homeownership, particularly in developing regions like Erode district. The growth of the housing sector in India has been driven by various government initiatives, alongside offerings from both private and public sector commercial banks. As a key component of the financial services sector, housing loans have become increasingly accessible to a larger portion of the population, empowering borrowers to invest in residential properties.

However, despite the availability of these financial products, the level of awareness among borrowers regarding the terms, conditions, and benefits associated with housing loans remains an area of concern. In particular, the awareness levels of borrowers about housing finance in Erode district, where there is a mix of urban and rural populations, might vary significantly

due to factors such as income levels, education, financial literacy, and access to banking services.

This study seeks to examine the awareness levels of borrowers about housing finance products offered by both private and public sector commercial banks in Erode district. The research will explore various dimensions such as the knowledge of loan products, interest rates, eligibility criteria, repayment schedules, and the financial literacy necessary to navigate the housing finance process effectively. Furthermore, it will investigate the communication channels used by banks to disseminate information about housing finance and how these influence borrower decisions.

By understanding the gaps in awareness, the study aims to provide insights that can help improve financial literacy, enhance the accessibility of housing finance, and promote informed decision-making among borrowers. This research will not only contribute to a better understanding of borrower behavior in Erode district but also aid banks and policymakers in designing strategies to improve the outreach and effectiveness of housing loan products..

2. REVIEW OF LITERATURE

Housing Finance Awareness in Public vs. Private Sector Banks Kumar and Gupta (2019) explored the differences in borrower awareness regarding housing finance products between public and private sector banks. Their study highlighted that borrowers in public sector banks exhibited a higher level of awareness due to the government's financial literacy initiatives and extensive promotional campaigns. In contrast, private sector banks were found to rely more on digital marketing, which often excluded the less tech-savvy demographic. This study underscores the need for tailored communication strategies to enhance borrower awareness across both sectors.

Impact of Financial Literacy on Borrower Awareness According to Sharma (2020), financial literacy plays a critical role in shaping borrowers' awareness of housing finance. The study found that borrowers with higher financial literacy were more likely to understand the terms of their housing loans, including interest rates, repayment schedules, and loan tenure. This indicates the importance of integrating financial literacy programs in enhancing the awareness and decision-making capabilities of borrowers, especially in regions with lower literacy rates.

Borrowers' Perceptions and Understanding of Housing Loans In their research, Mehta and Joshi (2018) examined borrowers' understanding of housing finance schemes and their perception of loan terms, conditions, and benefits. The study found that borrowers often lacked a complete understanding of the complex terms involved in housing finance. Particularly, private sector banks were criticized for their lack of transparency in terms of interest rates and fees, which left borrowers confused and less confident in their borrowing decisions. The study recommended clearer communication and better customer education efforts by banks.

Effectiveness of Financial Outreach Programs in Rural Areas A study by Rani and Kumar (2021) focused on the effectiveness of financial outreach programs in rural areas, specifically in districts like Erode. The research found that while outreach programs provided by public sector banks were more effective in raising awareness about housing finance, the reach of private sector banks was limited due to inadequate local engagement. The study suggested that

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both public and private sector banks need to expand their grassroots-level presence to improve borrower awareness, particularly in rural regions.

Digital Platforms and Borrower Awareness Patel et al. (2020) explored the role of digital platforms in enhancing borrower awareness of housing finance. Their study showed that while digital platforms provided easier access to information, they were less effective in reaching borrowers with lower digital literacy, especially in rural areas like Erode. The study concluded that a hybrid approach combining both traditional and digital methods would be most effective in improving borrower awareness and engagement with housing finance.

Barriers to Awareness in Housing Finance A study by Singh and Yadav (2022) identified several barriers that affect borrowers' awareness of housing finance in India. Among the key barriers, the study highlighted the lack of sufficient financial literacy, language barriers, and the complexity of loan products. In regions like Erode, where many borrowers are first-time homebuyers, these barriers were found to be particularly pronounced. The study recommended simplifying loan products, offering multilingual support, and implementing targeted financial education campaigns to improve awareness.

3. STATEMENT OF THE PROBLEM

The awareness level of borrowers regarding housing finance schemes in both private and public sector commercial banks in Erode district remains a critical issue. Despite the availability of various housing loan products, many borrowers, particularly in rural areas, lack a clear understanding of the terms, conditions, and benefits associated with these loans. This lack of awareness may lead to suboptimal borrowing decisions, financial strain, and an increased risk of defaults. The problem is further compounded by the differences in marketing strategies and outreach programs employed by public and private sector banks. Therefore, this study aims to assess the awareness levels of borrowers about housing finance products in both sectors and identify factors influencing their understanding in the context of Erode district.

SCOPE OF THE STUDY

The scope of this study is focused on assessing the awareness levels of borrowers regarding housing finance schemes offered by both private and public sector commercial banks in Erode district. It will examine the key factors influencing borrower awareness, including marketing strategies, financial literacy, and communication channels. The study will cover borrowers from various demographic backgrounds and loan types to provide a comprehensive understanding of their knowledge of housing finance. By comparing the awareness levels between private and public sector banks, the study aims to highlight any significant differences and identify areas where both sectors can improve their outreach and borrower education efforts. The findings will be valuable for policymakers, financial institutions, and borrowers in making informed decisions about housing finance in the district.

OBJECTIVE OF THE STUDY

➤ To assess the level of awareness among borrowers about housing finance schemes offered by private sector banks in Erode district.

- To evaluate the awareness of borrowers regarding housing finance products provided by public sector banks in Erode district.
- To identify the factors influencing borrower awareness of housing finance, such as financial literacy, marketing strategies, and communication channels.
- To compare the awareness levels of borrowers between private and public sector banks and recommend strategies to improve borrower education and outreach in the district.

RESEARCH METHODOLOGY

Type of Research

The study is descriptive in nature, as it seeks to describe the awareness levels of borrowers regarding housing finance schemes offered by private and public sector commercial banks in Erode district. The objective is to capture the current state of borrower awareness and identify influencing factors.

Source of Data Collection

Primary Data: The primary data for the study will be collected through a structured questionnaire. The questionnaire will be designed to gather information on borrowers' knowledge about housing finance products, their sources of information, and factors affecting their awareness.

Secondary Data: Secondary data will be gathered from websites, journals, and other online resources related to housing finance, banking policies, and borrower awareness.

Type of Sampling

The study will employ simple random sampling, where borrowers will be selected randomly from a pool of individuals who have availed housing finance from both private and public sector banks in Erode district. This method ensures that every individual in the population has an equal chance of being included in the sample.

Sample Size

The sample size for the study will be 150 borrowers, ensuring that the data collected is statistically significant for analysis.

Tools Used for the Study

Percentage: To analyze the proportion of borrowers with different levels of awareness regarding housing finance schemes.

Descriptive Statistics: To summarize and present the data in a meaningful way, including frequency distributions, measures of central tendency (mean, median, mode), and dispersion (standard deviation).

T-test: The t-test will be used to determine whether there is a significant difference in awareness levels between borrowers of private and public sector banks. The t-test will help assess whether the bank type (private or public) influences borrowers' awareness of loan products, bank policies, and other related factors.

One-Way ANOVA: To determine if there are any statistically significant differences in the awareness levels of borrowers across various categories, such as the type of bank (private vs. public sector), age, education, or income.

LIMITATIONS OF THE STUDY

- **Geographical Limitation:** The study is limited to Erode district, and the findings may not be generalized to other regions with different socio-economic characteristics or banking practices.
- **Limited Scope of Sample:** The sample size of 150 borrowers may not fully represent the entire population of housing loan borrowers in Erode district, limiting the comprehensiveness of the findings.
- **Potential Bias in Self-Reported Data:** The reliance on self-reported data through questionnaires may introduce biases, as respondents might overstate their level of awareness or provide socially desirable answers.
- **Time Constraints:** The study’s time frame may restrict the ability to collect and analyze data from a larger sample or to explore deeper aspects of borrower behavior in relation to housing finance schemes.

4. DATA ANALYSIS AND INTERPRETATION

Percentage analysis

Demographic variables	Particulars	Frequency	Percent
Gender	Male	52	34.7
	Female	98	65.3
Age	Below 25 Years	30	20.0
	25-34 Years	55	36.7
	35-44 Years	53	35.3
	45-54 Years	12	8.0
Educational Qualification	No formal education	23	15.3
	High School	67	44.7
	Undergraduate	26	17.3
	Postgraduate	27	18.0
	Professional Degree	7	4.7
Occupation	Student	15	10.0
	Employed (Private Sector)	93	62.0
	Employed (Government Sector)	11	7.3

Demographic variables	Particulars	Frequency	Percent
Gender	Male	52	34.7
	Female	98	65.3
	Self-Employed	20	13.3
	Others	11	7.3
Income Level	Below Rs.20,000	44	29.3
	Rs.20,001 – Rs.40,000	69	46.0
	Rs.40,001 – Rs.60,000	12	8.0
	Rs.60,001 – Rs.80,000	17	11.3
	Rs.80,001 and above	8	5.3
Type of Housing Loan	Loan for purchasing a new house	43	28.7
	Loan for home improvement	48	32.0
	Loan for land purchase	35	23.3
	Loan for construction	12	8.0
	Other	12	8.0
Bank Type from Which Loan was Availed	Public Sector Bank	62	41.3
	Private Sector Bank	88	58.7
Total		150	100.0

Gender: A higher percentage of respondents are female (65.3%) compared to male respondents (34.7%). **Age:** The largest age group of borrowers falls between 25-34 years (36.7%), followed closely by 35-44 years (35.3%). This suggests that individuals in the early to mid-career phase are more likely to take out housing loans, possibly due to more stable incomes and an increased need for housing. The age group below 25 years (20%) and 45-54 years (8%) represent smaller portions, indicating that younger borrowers may not yet be financially ready for housing loans, and older individuals may prefer downsizing or may already own homes.

Educational Qualification: A substantial proportion of borrowers have completed high school (44.7%), followed by those with no formal education (15.3%). The group with undergraduate (17.3%) and postgraduate qualifications (18%) are fewer in number. This suggests that a majority of borrowers in Erode have basic to intermediate levels of education, which could influence their understanding of housing finance products. The relatively low number of borrowers with professional degrees (4.7%) indicates a smaller but specialized segment of borrowers.

Occupation: The majority of respondents are employed in the private sector (62%), followed by self-employed individuals (13.3%) and students (10%). A smaller number are employed in the government sector (7.3%). This shows that most borrowers are working adults, with private

sector employment providing the financial stability needed for housing loans. The presence of students and self-employed individuals may suggest an increasing trend of borrowing among these groups, though these categories still represent smaller segments.

Income Level: The largest group of borrowers falls within the income range of Rs. 20,001 to Rs. 40,000 (46%), followed by below Rs. 20,000 (29.3%). A smaller portion earns between Rs. 40,001 to Rs. 60,000 (8%), Rs. 60,001 to Rs. 80,000 (11.3%), and only a small number earn Rs. 80,001 and above (5.3%). This suggests that the majority of housing loan borrowers in Erode belong to the lower-middle income group, which is likely to take advantage of more affordable housing finance options.

Type of Housing Loan: Loan for home improvement is the most common loan type (32%), followed by loan for purchasing a new house (28.7%). This indicates that a significant number of borrowers in Erode are seeking loans to improve or upgrade their existing properties. Loan for land purchase (23.3%) is also a notable category, suggesting interest in acquiring land for future construction or investment. A smaller number of borrowers took loans for construction (8%) or other purposes (8%).

Bank Type from Which Loan Was Availed: A slightly higher percentage of respondents availed their loans from private sector banks (58.7%) compared to public sector banks (41.3%). This may reflect the preference for private sector banks due to more competitive loan offerings, faster processing times, and personalized services. However, the presence of public sector banks in the market indicates that they also play a crucial role in providing housing loans, especially to lower-income groups.

Descriptive Statistics for various dimensions

		N	Mean	SD
Knowledge of Loan Products	I am aware of the different types of housing loans offered by the bank.	150	3.09	1.258
	I understand the terms and conditions associated with my housing loan.	150	2.97	1.287
	I am aware of the interest rate applicable to my housing loan.	150	3.14	1.237
	I know the repayment schedule and tenure for my housing loan	150	3.01	1.288
Awareness of Bank Policies and Procedures	I am aware of the eligibility criteria for housing loans.	150	3.12	1.253
	I am aware of the documentation required for applying for a housing loan	150	3.14	1.326
	I understand the prepayment and foreclosure policies of my bank regarding housing loans	150	2.75	1.362
Awareness of Financial Literacy and Loan Process	I understand the impact of my credit score on the approval and interest rate of the housing loan.	150	2.62	1.139
	I am aware of the government schemes or subsidies available for housing loans.	150	2.63	1.156
	I understand the tax benefits of a housing loan.	150	3.72	1.264

The descriptive statistics reveal varying levels of awareness among borrowers regarding housing finance products. On average, borrowers exhibit a moderate understanding

of different types of housing loans (mean = 3.09) and the applicable interest rates (mean = 3.14). However, their awareness of loan terms and conditions (mean = 2.97) and repayment schedules (mean = 3.01) is slightly lower, suggesting gaps in understanding these critical aspects. When it comes to bank policies, borrowers show moderate awareness of eligibility criteria (mean = 3.12) and the documentation required for loan applications (mean = 3.14), although their understanding of prepayment and foreclosure policies is lower (mean = 2.75). Regarding financial literacy, borrowers are least aware of the impact of their credit score (mean = 2.62) and government schemes or subsidies (mean = 2.63). The highest level of awareness is observed in the understanding of tax benefits associated with housing loans (mean = 3.72), indicating that borrowers are more informed about the financial advantages of housing loans than other aspects. Overall, while some areas, such as tax benefits, show high awareness, there are significant gaps in borrowers' knowledge about other essential aspects of housing finance.

		N	Mean	SD
Communication and Information Channels	I have received adequate information about housing finance schemes from the bank.	150	3.35	1.366
	The bank's advertisements and brochures helped me understand the housing loan options available.	150	3.49	1.203
	I believe the bank's customer support helped clarify my doubts regarding housing finance.	150	3.29	1.297
	I trust the information provided by the bank's staff regarding housing loan terms.	150	3.51	1.186
Overall Satisfaction and Loan Experience	I am satisfied with my overall experience in applying for a housing loan from the bank.	150	2.81	1.509
	I would recommend the housing finance products of my bank to others.	150	3.26	1.266
	I feel confident in managing my housing loan repayment.	150	3.27	1.319

The descriptive statistics reveal that borrowers generally have a moderate to high level of satisfaction with the communication and information channels provided by the banks. The highest mean score of 3.51 reflects a strong trust in the information provided by the bank's staff regarding housing loan terms, while other communication channels, such as advertisements and brochures (mean = 3.49), and customer support (mean = 3.29), also show a moderate level of effectiveness in providing clear information about housing finance. However, the mean score for receiving adequate information about housing finance schemes (mean = 3.35) is slightly lower, indicating that some borrowers may still feel that more comprehensive information could be provided.

In terms of overall satisfaction and loan experience, the results indicate moderate satisfaction. The mean score for overall satisfaction with the loan application process is relatively low at 2.81, suggesting that some borrowers are not fully satisfied with their experience. Despite this, borrowers are more positive about recommending the bank's housing finance products (mean = 3.26) and feel reasonably confident in managing their loan repayment (mean = 3.27), indicating that, although there may be issues with the application process, the overall experience with the loan itself is still largely positive.

	Bank Type from Which Loan was Aailed	N	Mean	z	F	Sig
Knowledge of Loan Products	Public Sector Bank	62	3.02	-.282	5.355	.022
	Private Sector Bank	88	3.07	-.285		
Awareness of Bank Policies and Procedures	Public Sector Bank	62	3.07	.733	.547	.461
	Private Sector Bank	88	2.95	.721		
Awareness of Financial Literacy and Loan Process	Public Sector Bank	62	2.98	-.139	1.100	.296
	Private Sector Bank	88	3.00	-.142		
Communication and Information Channels	Public Sector Bank	62	3.36	-.499	.016	.901
	Private Sector Bank	88	3.44	-.498		
Overall Satisfaction and Loan Experience	Public Sector Bank	62	3.13	.157	1.478	.226
	Private Sector Bank	88	3.10	.154		

Knowledge of Loan Products: The mean scores for knowledge of loan products are quite similar across both public (mean = 3.02) and private sector banks (mean = 3.07). However, the z-value of -0.282 and p-value of 0.022 indicate a statistically significant difference between the two groups. This suggests that borrowers of private sector banks exhibit slightly higher awareness regarding loan products compared to those borrowing from public sector banks.

Awareness of Bank Policies and Procedures: For awareness of bank policies, the borrowers of public sector banks (mean = 3.07) have a slightly higher awareness than those from private sector banks (mean = 2.95). However, the F-value of 0.547 and the p-value of 0.461 show that this difference is not statistically significant. This suggests that, overall, borrowers in both sectors have similar awareness regarding bank policies and procedures, despite the slight difference in means.

Awareness of Financial Literacy and Loan Process: The mean scores for awareness of financial literacy and the loan process are nearly identical between the two bank types, with public sector bank borrowers scoring 2.98 and private sector bank borrowers scoring 3.00. The z-value of -0.139 and p-value of 0.296 indicate no significant difference between the two groups in this dimension. This suggests that borrowers in both sectors have similar levels of understanding when it comes to financial literacy and the loan process.

Communication and Information Channels: Borrowers of private sector banks report a slightly higher mean score (mean = 3.44) compared to those from public sector banks (mean = 3.36). However, the F-value of 0.016 and p-value of 0.901 show that the difference is not statistically significant. This indicates that communication and information channels are perceived similarly across both public and private sector banks, with neither group experiencing significantly better communication.

Overall Satisfaction and Loan Experience: The mean scores for overall satisfaction are also quite close, with public sector bank borrowers rating their satisfaction at 3.13 and private sector bank borrowers at 3.10. The F-value of 1.478 and p-value of 0.226 suggest no statistically significant difference in satisfaction levels between the two groups. Borrowers in both bank

types report similar satisfaction levels with their loan experience.

Comparison between type of housing loan and their various dimension

There is no significance difference between type of housing loan and their various dimension

	Type of Housing Loan	N	Mean	SD	F	Sig
Knowledge of Loan Products	Loan for purchasing a new house	43	3.38	0.918	2.020	.095
	Loan for home improvement	48	2.90	1.053		
	Loan for land purchase	35	2.88	0.708		
	Loan for construction	12	3.08	0.913		
	Other	12	2.96	0.964		
	Total	150	3.05	0.937		
Awareness of Bank Policies and Procedures	Loan for purchasing a new house	43	3.19	0.883	1.345	.256
	Loan for home improvement	48	2.76	1.019		
	Loan for land purchase	35	3.02	0.933		
	Loan for construction	12	3.08	0.966		
	Other	12	3.20	0.937		
	Total	150	3.00	0.955		
Awareness of Financial Literacy and Loan Process	Loan for purchasing a new house	43	3.26	0.779	2.294	.062
	Loan for home improvement	48	2.89	0.735		
	Loan for land purchase	35	2.97	0.729		
	Loan for construction	12	2.67	0.738		
	Other	12	2.81	0.809		
	Total	150	2.99	0.766		
Communication and Information Channels	Loan for purchasing a new house	43	3.12	0.913	1.677	.158
	Loan for home improvement	48	3.47	1.011		
	Loan for land purchase	35	3.46	0.975		
	Loan for construction	12	3.58	0.990		
	Other	12	3.83	1.002		
	Total	150	3.41	0.982		
Overall Satisfaction and Loan Experience	Loan for purchasing a new house	43	2.88	0.949	1.099	.359
	Loan for home improvement	48	3.05	1.321		
	Loan for land purchase	35	3.28	1.267		
	Loan for construction	12	3.28	1.332		
	Other	12	3.56	1.018		
	Total	150	3.11	1.191		

Knowledge of Loan Products: The mean scores across different loan types range from 2.88 (for Loan for land purchase) to 3.38 (for Loan for purchasing a new house). This indicates that

borrowers applying for loans to purchase a new house have the highest awareness of the loan products offered by the bank. However, the differences in awareness levels between the loan types are not statistically significant, as indicated by the F-value of 2.020 and the p-value of 0.095, which is greater than 0.05. This suggests that while there are some differences, they are not statistically significant across the different types of loans.

Awareness of Bank Policies and Procedures: For awareness of bank policies, the mean scores range from 2.76 (Loan for home improvement) to 3.20 (Other loans). The highest awareness is seen in the "Other" loan category, while the lowest is seen for home improvement loans. Again, the differences are not statistically significant, with an F-value of 1.345 and a p-value of 0.256, which is greater than 0.05. This indicates that the awareness of bank policies does not significantly vary based on the type of loan.

Awareness of Financial Literacy and Loan Process: The highest mean score in this dimension is for Loan for purchasing a new house (mean = 3.26), while the lowest is for Loan for construction (mean = 2.67). The F-value of 2.294 and the p-value of 0.062 suggest that the differences between loan types are nearly significant, but not enough to reach the conventional threshold of 0.05. Borrowers taking loans for purchasing a new house appear to have better awareness of financial literacy and the loan process compared to those who took loans for construction.

Communication and Information Channels: The mean scores for communication and information channels range from 3.12 (Loan for purchasing a new house) to 3.83 (Other loans). The highest mean is observed in the "Other" loan category, suggesting that borrowers in this category feel they received the most effective communication and information. However, the F-value of 1.677 and the p-value of 0.158 indicate that the differences between the loan types are not statistically significant, implying that communication effectiveness is similar across the various loan categories.

Overall Satisfaction and Loan Experience: Overall satisfaction with the loan experience varies, with the lowest mean score for Loan for purchasing a new house (mean = 2.88) and the highest for Other loans (mean = 3.56). The F-value of 1.099 and the p-value of 0.359 suggest no significant difference in satisfaction levels between different types of loans. Despite this, borrowers who took out loans for purchasing new houses report lower satisfaction on average, while those with "Other" loans appear more satisfied, though the differences are not statistically significant.

5. FINDINGS

➤ The demographic profile of the respondents reveals that the majority of borrowers are female (65.3%) and belong to the age group of 25-34 years (36.7%) and 35-44 years (35.3%). Most borrowers have high school education (44.7%) or postgraduate qualifications (18.0%). In terms of occupation, the majority are employed in the private sector (62.0%), with a smaller percentage being self-employed (13.3%) or students (10.0%). Regarding income, most borrowers fall into the Rs.20,001 – Rs.40,000 category (46.0%). When it comes to the type of housing loan, the majority have taken loans for home improvement (32.0%) or purchasing a new house (28.7%). Finally, most borrowers have obtained their loans from private sector

banks (58.7%), with the remaining 41.3% opting for public sector banks. These findings indicate that the typical borrower is a young, well-educated female employed in the private sector, with a moderate income and seeking home improvement or new house loans from private banks.

➤ The results indicate that borrowers in Erode district generally have a moderate to low awareness about various aspects of housing finance, with a few areas showing relatively higher awareness, such as tax benefits (mean = 3.72) and types of housing loans (mean = 3.09). However, areas related to prepayment and foreclosure policies, credit score impact, and government schemes show lower awareness levels, with mean scores in the range of 2.62 to 2.75. The higher standard deviations across most variables highlight significant variability in borrower knowledge, suggesting that some individuals are well-informed while others remain less knowledgeable about key housing loan aspects.

➤ Overall, while borrowers generally express satisfaction with the communication channels and trust in the bank's staff, there is room for improvement in terms of overall satisfaction with the housing loan application process. Despite some dissatisfaction with the application experience, borrowers appear confident in managing their loans and are moderately likely to recommend the bank's housing finance products to others.

➤ While there are some slight differences in the awareness of loan products and communication channels between public and private sector bank borrowers, these differences are minimal and not statistically significant in most cases. The only significant difference is observed in the knowledge of loan products, where private sector bank borrowers tend to be slightly more aware. Overall, the findings suggest that the type of bank (public or private) does not have a large impact on borrowers' awareness of bank policies, financial literacy, loan process, or overall satisfaction with their housing loans.

➤ While there are some variations in awareness and satisfaction levels based on the type of housing loan, these differences are not statistically significant across most dimensions. Borrowers applying for loans for purchasing new houses generally report slightly better awareness and confidence in managing their loan, but borrowers of "Other" loans (such as for land purchase, construction, or home improvement) report higher satisfaction and better communication from the bank. The overall findings suggest that the type of housing loan does not have a significant impact on the awareness or satisfaction of the borrowers, indicating that other factors may be influencing these outcomes.

6. SUGGESTIONS:

Enhancing Awareness Programs: Since borrowers in Erode district show moderate to low awareness of key aspects of housing finance, especially regarding prepayment and foreclosure policies, credit score impact, and government schemes, it is recommended that banks enhance their financial literacy programs. This could involve organizing workshops, webinars, or providing easy-to-understand guides on these topics to improve borrowers' knowledge.

Improving Loan Product Communication: Although there is some awareness of housing loan types and tax benefits, there is a noticeable gap in borrowers' understanding of the finer details of loan processes. Banks should focus on improving communication through interactive

platforms, such as mobile apps or dedicated customer service channels, where borrowers can get real-time information and clarification on loan terms, eligibility, and other related aspects.

Better Information on Prepayment and Foreclosure Policies: A significant gap in awareness exists regarding prepayment and foreclosure policies. Banks should make these policies clearer and more accessible. They could include FAQs or explanatory videos on their websites or in brochures, helping borrowers understand these important aspects before signing up for loans.

Strengthening Customer Support: While most borrowers trust the information provided by the bank's staff, there is still a need to improve the overall customer support experience, especially for addressing doubts regarding loan products. Banks should provide more personalized assistance, either through dedicated relationship managers or enhanced call center support, to help borrowers feel more confident about their loan decisions.

Tailored Products for Specific Borrower Segments: Given that borrowers applying for "Other" loans (land purchase, construction, etc.) report higher satisfaction, banks might consider tailoring their housing finance products based on the specific needs of different borrower segments. For example, offering customized loan terms for those seeking home improvement or construction loans could further enhance borrower satisfaction.

Improving Bank-Specific Differentiation: While there are no significant differences in awareness between public and private sector bank borrowers, private sector bank borrowers seem to be slightly more aware of loan products. Public sector banks could work on improving their communication strategies, offering more detailed information on their products and services, as well as creating a stronger brand identity that communicates trust and expertise in housing finance.

Regular Feedback and Surveys: To continuously monitor and improve the satisfaction levels, banks should implement regular feedback surveys and post-loan follow-ups to track borrowers' experiences. This will help identify areas for improvement and enable banks to adapt their offerings based on borrower needs and expectations.

Encouraging Borrower Referrals: Despite some dissatisfaction with the application process, many borrowers are still moderately likely to recommend their bank's housing finance products. Banks could capitalize on this by introducing referral programs that incentivize existing borrowers to refer friends or family, thus increasing customer acquisition and satisfaction at the same time.

Promote Government Schemes More Effectively: Since there is low awareness of government schemes or subsidies, banks can partner with government agencies to provide co-branded awareness campaigns. These could highlight available schemes, eligibility criteria, and benefits, making it easier for borrowers to access government-backed housing loans or subsidies.

7. CONCLUSION:

The study on the awareness level of borrowers regarding housing finance in both private and public sector commercial banks, with reference to Erode district, reveals several important insights. The majority of borrowers are young, well-educated females employed in the private

sector, with a moderate income level. They typically seek housing loans for home improvement or the purchase of new homes and primarily approach private sector banks for their housing finance needs.

The overall awareness of borrowers about various aspects of housing finance is moderate, with some areas such as tax benefits and loan types showing relatively higher awareness. However, significant gaps exist in understanding key aspects like prepayment and foreclosure policies, the impact of credit scores, and available government schemes. These gaps indicate the need for banks to focus on improving financial literacy programs and providing clearer information on these areas.

Despite the moderate awareness levels, borrowers generally express satisfaction with the communication channels provided by the banks and show trust in the staff. However, there is some room for improvement in terms of overall satisfaction with the loan application process. The study also suggests that the type of bank (public or private) does not significantly affect borrowers' awareness or satisfaction, as only slight differences were observed, with private sector bank borrowers being marginally more aware of loan products.

Additionally, while variations in awareness and satisfaction levels were observed based on the type of housing loan, these differences were not statistically significant. This indicates that factors beyond the type of loan, such as individual borrower characteristics and bank-specific experiences, play a more prominent role in shaping their overall experience.

In conclusion, while borrowers in Erode district are generally aware of the key elements of housing finance, there is a clear opportunity for banks to enhance their efforts in educating borrowers, improving customer support, and refining communication strategies. By addressing these gaps, banks can further empower their customers and enhance the overall housing loan experience, ultimately leading to greater borrower satisfaction and loyalty.

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