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Evaluation of Borrowers' Satisfaction on Online Services of Housing Finance and the Role of Bandhan Bank of Nadia District, West Bengal

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Abstract:
Housing is one of the most important components that we human beings need. The adequate housing is essential for human survival with dignity. There are many things that we would find difficult, if not impossible to do without good-quality of the housing. The housing shortage is a universal phenomenon. Access to housing finance is a major challenge for the poor and low-income groups because of the underdeveloped housing finance market, high transaction cost, lack of collateral, type of housing credit and other factors specific to the local area in West Bengal. Bank generally provide the sanction amount of housing finance directly to the customer's account on the other side borrower repay the loan amount installment either depositing in cash directly in their account or through the online services. This study analyzes the performance of housing finance and evaluation of the borrower's satisfaction on online services of Bandhan Bank of Nadia district, West Bengal. Using primary data collected from Bandhan Bank customer from three different villages (Chapra, Bangaljhi and Charmoktarpur) of Nadia District in West Bengal, it discusses to understand the digital housing finance and its impact on rural housing activities. The data support to estimate the approximate size of the low housing credit market and the gap between demand and supply of such credit. The findings of the paper offer better understanding about the performance of housing finance and potential to improve housing conditions to the online services of the poor people.

Keywords: Housing Finance, Housing Shortage, Mortgage, Repayment Period, Online Service

1.1 Introduction

House is the most important human need, next only to food, and clothing. The word Home and Housing are used interchangeable. Housing assumes great significance for the rural poor in that it lays the foundation for a respectful life for them by dispelling the gloom of shelter lessness and conferring a distinct, secure identity. Addressing housing shortage is thus an important strategy of poverty reduction in India. According to the 2001 Census figures, places the rural housing shortage figure in India at 14.8 million. The Government of India was launched Bharat Nirman in the year 2005. Providing all round development of the rural areas with safe drinking water facilities, development of irrigation facilities, development of telecommunication, construction of rural housing under Indira Awaas Yojana, etc. According to the 2011 census report, the number of vacant houses in India was 24.67 million (13.58 million rural and 11.09 million urban).

The Ministry of Rural Development is implementing Indira Awaas Yojana (IAY) intending to provide financial assistance to the rural poor living below the poverty line for the construction of the pucca house. Construction of the houses was one of the major activities in rural India under the National Rural Employment Programme (NREP), which began in 1980, and the Rural Landless Employment Guarantee Programme (RLEGP), which began in 1983. The Indira Awaas Yojana (IAY) was launched during 1985-86 as a sub-scheme of the Rural Landless Employment Guarantee Programme (RLEGP) Thereafter, continued as a sub-scheme of Jawahar Rozgar Yojana (JRY) since its launching in April 1989. 6% of the total Jawahar Rozgar Yojana (JRY) funds were allocated for the implementation of Indira Awaas Yojana (IAY). From the year 1993-94, the scope of Indira Awaas Yojana was extended to cover below the poverty line Non-Scheduled Castes/ Scheduled Tribes families in the rural India. Simultaneously, the allocation of funds for implementing the scheme was raised from 6% to 10% of the total resources available under Jawahar Rozgar Yojana (JRY) at the national level, subject to the condition that the benefits to Non-Scheduled Castes/ Scheduled Tribes poor should be less than 4% of the total Jawahar Rozgar Yojana allocation. An independent scheme was launched after de-linked Jawahar Rozgar Yojana from Indira Awaas Yojana which was an effect from 1st January 1996. The objective of Indira Awaas Yojana (IAY) is elementary to provide grants for the construction of houses to members of Scheduled Castes/Scheduled Tribes, freed bonded laborers, and also to non-SC/ST rural poor below the poverty line. The target group for houses under Indira Awaas Yojana (IAY) will be people below the poverty line living in rural India belonging to Scheduled Castes/Scheduled Tribes, freed bonded laborers, and non-SC/ST.

Bandhan Bank, a financial institution headquarter is in Kolkata having 5,639 banking outlets and 2.63 crores customers exists in 34 states in India. Bandhan Bank provides home loan facilities to the customers at a lower interest rate for both fixed and floating. Bandhan Bank is India's youngest bank listed on the stock exchange. Online banking allows a user to conduct financial transactions via the Internet service. Online banking is also known as the Internet banking or web banking. Online banking offers customers almost every service traditionally available through a local branch including deposits, transfers, and online bill payments (like electricity bill, water bill, gas bill), etc. Electronic banking has many names like e-banking, virtual banking, online banking, or internet banking. It is simply the use of electronic and tele-communications network for delivering various banking products and services. Most of the banks are provides online banking services to its customers parallel with the other Nationalized Banks. The motive and objective Bandhan Bank's online banking makes it easy to manage account, open FD, transfer money and much more. Bandhan Bank is to provide better online digital banking services to its customer without any problem they can access their account in anywhere. The researcher selects the Bandhan Bank fastest growing bank in India in the field of online banking services.

1.2 Review of Literature

Bhalla, Arora & Gill (2009) did a study on performance of housing sector in India and also identified the problems and challenges faced by this sector. This study shows how the banks make changes to their policies and strategies to continue the sustainable growth in this sector in tune with the continuous changes took place in global economy.

Masod (2011) examined the working of Housing finance market in India and its strategic role in Indian economy. It also focused on Govt.'s approach towards the problems related to urban housing development.

Charan Singh1, Lalit Kumar, H.A.C. Prasad, (2017) in this article the writers focused on Housing Market in India. This paper records the trademark and business works on winning regarding determinants of house

costs, part of loaning establishments and their arrangements, drivers of credit stream, credit sources, financing cost administrations, controllers and housing lists in the Indian housing area.

Ashwani bhalla, P.S. Gill kumar (2017) the development in housing and housing money exercises lately mirrors the light condition of housing fund advertise int the nation. The financing foundations have come to see great incentive in subsidizing this part of the economy. The reasonableness of housing advances unmistakably seems to have enhanced with quickly developing number of borrowers.

Dr. Minakshi Duggal (2017) The Indian housing fund industry is overwhelmed with various players, both of all shapes and sizes. The regions secured by these establishments go from government associations, banks, and helpful social orders to specific Housing Finance Institutions (HFIs). The present paper endeavours to gauge the level of rivalry of chose housing account organizations in India with the assistance of Herfindahl-Hirschman Index, prominently known as HH list.

Warnock and Warnock (2007) have studied on the growth of housing finance which indicates the Cross-country analysis depending upon a number of factors such as credit history of the borrower, ability of the financing institution to secure collateral, macroeconomic stability prevailing in the economy and trends in household income.

Hilbers, et al (2008) shows that housing sector is impacted by both monetary and fiscal policy, as well as macro prudential norms and labour policy prevalent in the economy and goes on to explain the then recent crisis in economy. A generally accepted argument was that the loose monetary policy and excessive availability of credit were the causes for the real estate bubble in many western countries.

Allen and Carletti (2011) argue is that the main cause of the recent widespread financial crisis was not because there was a bubble in real estate in the US but also because of there were a number of such bubbles in a number of other countries such as “Spain” and “Ireland”.

1.3 Research Gap

From the review of literature, it is observed that many of the studies in the banking sector in India and abroad have been conducted on the various aspects mainly on the branch expansion, deposit mobilization, priority sector lending, customer service, technology and profitability. However, very few studies relating to the satisfaction level of customers one housing finance and problems faced them have been executed. The present study makes an attempt to bridge the gap giving emphasis on the online banking services of Bandhan Bank.

1.4 Significance of The Study

Since not much extensive research work has been initiated in the field of the satisfaction level of the customers on the service provided by the Bandhan Bank related to housing finance, the present study has given the concentration on the online banking services of the Bandhan Bank in Nadia District in West Bengal, India. Most of the Banks are generally adopt some of the mechanism guided by the regulations for providing housing loan. Private banks are also contributing in the housing field like Nationalized Banks. One of the popular schemes of the Bandhan Bank is the Micro-Finance for the rural and semi-rural people who are required immediate liquid fund. Online services of the Bandhan Bank are very popular as bank has stored to operate all its function through online mode. The Housing Finance services of the Bandhan Bank is growing rapidly. This bank has all the online facilities like opening account, borrowings all transactions related to installment payments etc. This study gives attention on the performance of

Bandhan Bank in the field of housing finance and measuring the satisfaction level of the customers one online banking services which is relevant in the digital India.

1.5 Objectives of The Study

The objectives of the study are:

1. To evaluate the role of Bandhan Bank in providing house loans to beneficiaries.
2. To examine the perceptions of customers for online services of Bandhan Bank, Nadia District.
3. To study the customers` satisfaction levels towards Bandhan Bank, Nadia District

1.6 Research Methodology

This study is based on the primary data as well as secondary data. Data have been collected from Chapra, Bangaljhi and Charmoktarpur of Nadia District, West Bengal. Sample random sampling technique have been used from the house hold who have taken housing loan from the Bandhan Bank.

1.6.1 Types of Data Collection

Primary data have been collected through the responses of the customers through questionnaires which have been specially prepared for this study. The questionnaire contains both the demographic characteristic and socioeconomic background of the respondents. There has been extensive use of secondary information in the form of books, articles published in magazines, journals, newspaper, reports of Bandhan Bank, websites, circulars, pamphlets of the banks, clippings etc.

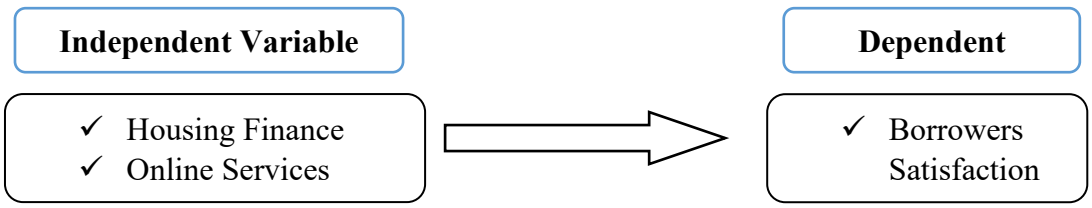
1.6.2 Sample Size

A sample size of 80 used since 80 respondents are not possible to cover the whole universe consisting of all the customers. Among these 80 respondents have been selected from Bandhan Bank.

1.6.3 Statistical Techniques Used

The collected data are classified, tabulated and analyzed according to the objectives of the study. The Cronbach's Alpha value is 0.700 the primary data are reliable. The analysis is carried out by making to use of statistical tools such as percentage analysis, descriptive analysis, regression, co-relation, ANOVA, etc. as per the required to analyze the role of Bandhan Bank in housing finance with the help SPSS.

1.6.4 Research Model



1.7 Research Hypotheses

The Hypotheses are tested in this study as follows:

H1: Customers are satisfied with the online services provided by Bandhan Bank.

H2: The role of Bandhan Bank on Housing Finance is satisfactory.

1.8 Discussion & Analysis

Before going to evaluate the role of Bandhan Bank on the online service quality and the level of providing housing loan, it is required to discuss the types of loan provided (table no. 1.1) and the documents required (table no. 1.2) for availing the loan.

Table 1.1: Types of Housing Loan Provided by Bandhan Bank

S. No.	Types	Features
1)	**Suraksha Home Loan**	☑ Formal income proof required ☑ Loan available for purchase/ construction/ extension of house ☑ Loan amount – up to 90% of the cost of property (includes land and construction) ☑ Minimum tenure – 1 years; maximum tenure – 30 years
2)	**Sajavat Home Loan**	☑ Loan available for renovation and repair of existing house, painting, plumbing, re-laying the roof, and more ☑ Loan amount – up to 80% of the cost of repair work ☑ Minimum tenure – 1 years; maximum tenure – 15 years
3)	**Su-awas Home Loan**	☑ No formal income proof required ☑ Available for both salaried and non-salaried individual ☑ Exclusively for micro banking borrowers ☑ Offered to construct 'pakka' or 'semi-pakka' houses
4)	**Suvidha Home Loan**	☑ No formal income proof required ☑ Income for loan amount assessed based on the applicant's cash flow ☑ Loan available for purchase/ construction/ extension of house ☑ Loan amount – up to 90% of the cost of property (includes land and construction) ☑ Minimum tenure – 1 years; maximum tenure – 30 years

Sources: https://bandhanbank.com

Table No 1.2: Documents Required for Applying Housing Loan

S. No.	Particular	Documents
1)	**For salaried person**	➢ Identity proof ➢ Residential address proof ➢ Last 3 months' salary slips ➢ Last 6 months' bank statements ➢ Existing loans' repayment details (if any) ➢ Property-related documents ➢ Income Tax Return

2)	**For self-employed people**	➢ Identity proof ➢ Residential address proof ➢ Last 6 months' bank statements ➢ Business details ➢ Existing loans' repayment details (if any)

Sources: https://bandhanbank.com

Online Banking Services of Bandhan Bank Ltd.

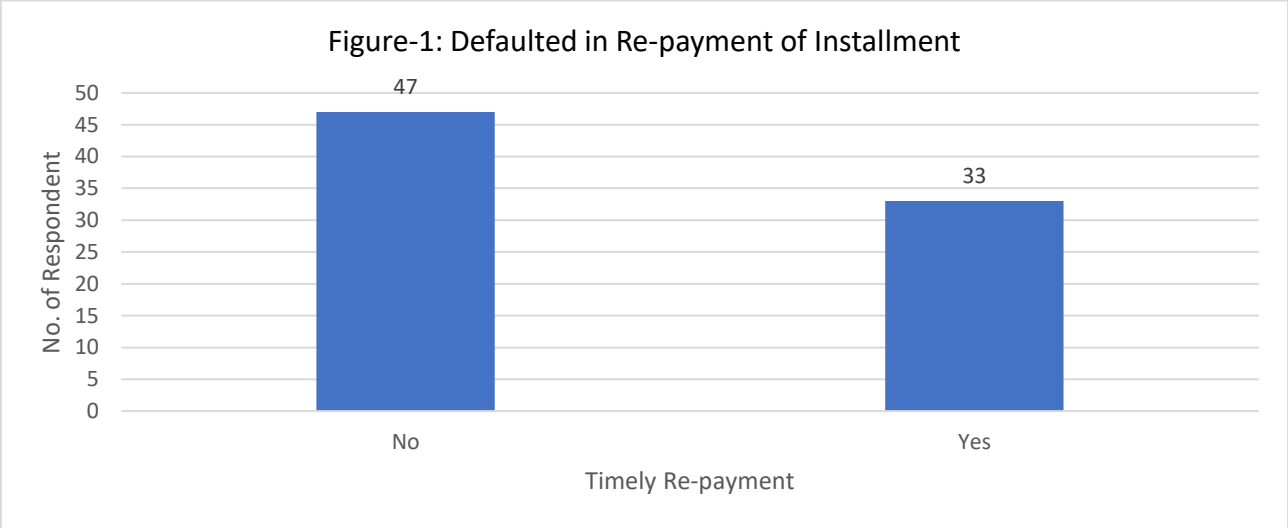
The online facilities available for Bandhan Bank providing housing loan of the customers may be summarized as:

Internet banking, also known as online banking, Bandhan bank internet banking offers a secure and protected platform for your banking needs. Register using debit card or personal information details, single user-id based login and authorization feature provided to the customers. E-banking or virtual banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. Funds transfer to the same bank and other bank, customers use NEFT, RTGS, IMPS, account & loan manage. View and download account details, loan details, transaction status, and cheque status. Also providing the schedule a payment service using standing instruction.

1.8.1 Analysis on the Primary Information of the Borrowers

Some basic information collected from the primary sources like re-payment of loan, purpose of loan taken etc. have been considered to analyses the potentiality of the borrowers:

Default in loan re-payment: The capacity of loan re-payment has completely depended on the earring of family or beneficiary is shown in figure 1:



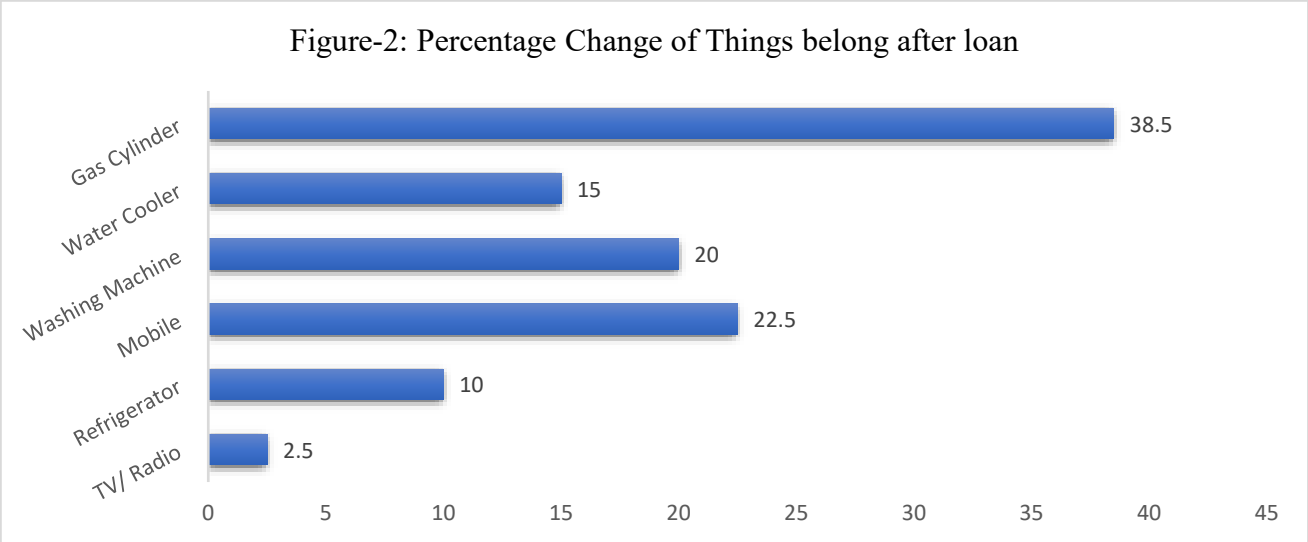
Source: Primary data

According to the primary data represents 43.75 per cent of the family income below Rs. 10,000, 41.25 per cent of the family income between Rs. 10,000 to Rs. 30,000, 11.25 per cent between Rs. 30,001 to Rs. 50,000, and only 3.75 per cent has found above Rs. 50,000 monthly earning. According to the Figure-1, 47 beneficiaries never default in repayment and 33 beneficiaries have defaulted in repayment of loan in our data survey.

Belonging of the Customers After Availing Housing Loan

Percentage change of the belongings of the borrowers is shown in figure 2:

Figure-2: Percentage Change of Things belong after loan



Source: Primary data

Figure 2 shows that 2.5 per cent of the borrowers have increased their Entertainment Element (TV/ Radio) after home loan, 10 per cent have increased in Refrigerator, 22.5 per cent have increased Mobile after loan. 20 per cent have increased in Washing Machine. 15 per cent have increased in Water Cooler and 38.5 per cent have increased in Gas Cylinder after loan.

Purpose of loan taken

The different purposes of housing loan provided by the Bandhan Bank have been shown in table no 1.3.

Table 1.3: Purpose of loan

Purpose of Loan	Types of Loan		Total	Percentage
	Home Loan	Personal Loan		
To purchase a house	14	2	16	20
For construction of new house	11	6	17	21.25
To renovate the old house	7	9	16	20
To purchase land	6	25	31	38.75
Total	38	42	80	100

Source: Primary data

It is observed from table 1.3 that 20.00 per cent of the respondents have taken loan for the purchase a house. 21.25 per cent of the respondents have taken loan for the construction of new house. 20.00 per cent of the respondents have taken loan for renovate the old house. And 38.75 per cent of the respondents have taken loan for purchase of land.

Mode of Re-payment of Loan:

Table 1.4: Mode of Re-Payment		
Particular	**Frequency**	**Percent**
Cash	65	81.3
Internet banking	10	12.5
Electronic Clearing Service (ECS)	5	6.3
Total	80	100.0

Source: Primary data

It gives a clear picture from table 1.4 that the mode of re-payment of loan, 81.30 per cent respondents have re-payment of loan amount in cash. 12.50 per cent of respondents have paid their loan amount by internet banking and only 6.30 per cent respondents have paid their loan amount by ECS.

1.8.2 Analysis of the Borrowers' Satisfaction

With the help primary data, analysis the borrower's satisfaction in online service and housing finance facilities provided by Bandhan Bank.

The hypothesis considered to know the satisfaction level on the online services and housing finance of the borrowers.

H1: Customers are satisfied with the online services provided by Bandhan Bank.

H2: The role of Bandhan Bank on Housing Finance is satisfactory.

Table 1.5: Descriptive Statistics and Correlation

Particular		**Online Services**	**Housing Finance**	**Borrowers Satisfaction**
Online Services	**Pearson Correlation**	1	0.125	-0.123
	Sig. (2-tailed)		0.269	0.276
	N	80	80	80
Housing Finance	**Pearson Correlation**	0.125	1	0.694**
	Sig. (2-tailed)	0.269		0.000
	N	80	80	80
Borrowers Satisfaction	**Pearson Correlation**	-0.123	0.694**	1
	Sig. (2-tailed)	0.276	0.000	
	N	80	80	80
**. Correlation is significant at the 0.01 level (2-tailed). N=80				

Source: Primary data analysis

It is observed from table 1.5 a Pearson product-moment correlation has conducted to examine the relationship between different dimensions of Bandhan Bank services (Housing Finance and Online Services) and Borrowers Satisfaction's. In the correlation between Online services and Borrowers

satisfaction, r value equal to -0.123 and p value equal to 0.276 (>0.01) which indicates that the correlation coefficient has no significant. The correlation between Housing Finance and Borrowers Satisfaction, r value equal to 0.694 and p value equal to .000 (<0.01) which indicates positive and significant correlation.

Regression Analysis for Identifying Borrowers' Satisfaction (Online Banking Services)

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.726[a]	.527	.514	.611	.527	42.830	2	77	.000
a. Predictors: (Constant), Housing Finance, Online Services									

Source: Primary data analysis

Housing Finance and Online Services are accounted for 0.527 of variation in Borrowers Satisfaction. On the other hand, we can say, 52.7 per cent variation in Borrowers Satisfaction can be explained due to Housing Finance and Online Services.

1.8 Table-9 ANOVA (Online Banking Services)

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32.018	2	16.009	42.830	.000[b]
	Residual	28.782	77	.374		
	Total	60.800	79			
a. Dependent Variable: Borrowers Satisfaction						
b. Predictors: (Constant), Housing Finance, Online Services						

Source: Primary data analysis

This model has more systematic variation then the non-systematic variation (i.e., Sig. P < 0.05).

1.9 Findings

From the data analysis, it is concluded that online services have not significantly correlated with the borrower's satisfaction. The other dimension of banking services i.e., housing financial services have positively and significantly correlated with borrowers' satisfaction. Thus, it is clear that the hypothesis H1 has failed to accepted and H2 accepted. The analysis of data indicated that the borrowers are satisfied with the Bandhan Bank housing finance services but not satisfied with their online services in the research area.

1. In this paper noticed that most of the customers have not aware about Digital Baking Services of Bandhan Bank due to lack of knowledge in rural area of Nadia District, West Bengal. It is concluded that the bank can give online services knowledge to their customers and improve their service providers so that customer can easily understand and assess their online services.

2. It has been noticed that high documentation procedure in private sector bank like Bandhan Bank for home loan expressed by the respondents. It is concluded that the customers thinks that the documentation procedure is varied.
3. It has been observed that the respondents faced many problems for taking housing loan from the bank due to high documentation procedure. For that reason, borrowers adopted personal loan to complete their dream home purposes with less documentation.

1.10 Suggestions

1. Bank improve their digital services so that the customer can easily access. Actual end-use of the loan and sufficient for its intended purpose as to ensure its real impact on the borrowers in terms of better socio-economic conditions and higher standards of living.
2. The customers should think their repayment capacity with the amount of loan before making any decision related to borrowing. This will help them avoid huge penalty for delay and default in payment.
3. A house has shelter rather than a symbol of vanity and advised to realize the folly of unnecessary spending in house construction and invest the surplus in some productive purpose. Low-cost housing schemes should be popularized.
4. The bank employees should try to maintain the same relationship with the borrowers before and after availing of loan.
5. Those who pay timely should be given special benefits and additional grants should be given to them. Provide loans at attractive rates as per works, income generating activities etc. such borrowers would motivate.

1.11 Conclusion

The study entitled "Performance of Housing Finance and Evaluation of Borrowers satisfaction on online services of Bandhan Bank of Nadia District, West Bengal" has attempt to analyze problems faced by the customers to get home loans and in this study though online services of Bandhan Bank is not correlated with customer's satisfaction but the other dimension of banking services of Bandhan Bank i.e. Housing finance (as well Personal Loan for housing purpose) has strongly positive correlation with the customer satisfaction. So, its conclude that provide a housing loan to their customer other than personal loan so that the customers' who are borrowed funds for fulfilling their dream to own a house. Let us hope that the Bandhan Bank take new housing loan initiative of the scheme on online services as above will not end up as a failure as in the case of housing finance.

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