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A STUDY ON MORTGAGE LOANS AND CUSTOMER SATISFACTION: A STUDY WITH SPECIAL REFERENCE TO HDFC

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ABSTRACT

This study examines mortgage and home-loan services with special reference to HDFC, focusing on customer perceptions, satisfaction, loan-selection factors, awareness, and difficulties experienced during the borrowing process. The study is based on the survey and descriptive analysis presented in the submitted project report. The reported findings indicate that service quality is the most important factor influencing home-loan choice (52.7%), while 48.8% of respondents reported being satisfied and 17.8% highly satisfied with services. Procedural delays or lack of cooperation were identified as the most prominent challenge (53.2%), followed by lack of knowledge (41.3%). The study also shows limited awareness of alternative home-loan products, with 60.7% reporting that they were not aware of different finance options. HDFC recorded a 28.9% preference in the reported comparison, behind LIC Housing Finance at 39.3%. Overall, the evidence suggests that customer service, transparency, process efficiency, financial affordability, and awareness-building are important areas for improving mortgage-service outcomes. Because the source report contains inconsistent references to sample sizes and does not report inferential statistical tests, the present paper treats the findings as descriptive and does not claim statistical significance.

KEYWORDS: Mortgage loans; Home loans; HDFC; Customer satisfaction; Housing finance; Loan awareness; Service quality; Loan processing.

INTRODUCTION

Mortgage loans enable individuals to purchase property or raise funds by using property as collateral. The submitted project explains that the lender obtains a legal claim over the property and that repayment normally occurs through periodic instalments over an agreed tenure. Home loans can support home ownership by reducing the need for an immediate full payment and by spreading repayment over a longer period. The project also identifies benefits such as relatively lower secured-loan pricing, longer repayment periods, balance-transfer opportunities and possible tax benefits, while noting long-term financial commitment, EMI pressure, property-value fluctuations and consequences of delayed repayment as important disadvantages.

The Indian lending environment includes commercial banks, NBFCs and FinTech firms. The project highlights growth in formal credit, urbanisation, financial inclusion and technology-enabled lending. Digital applications, documentation and credit assessment have increasingly influenced the lending process. Within this environment, HDFC is examined as an important housing-finance provider, with the study concentrating particularly on customer perceptions and service experience.

The central problem addressed by the study is that customers may face difficulty understanding mortgage products, comparing alternatives, completing procedures and receiving timely support. The project therefore investigates customer satisfaction, factors affecting loan choice, awareness of housing-finance options and problems encountered during the loan process.

Literature Review and Research

The literature reviewed in the source project indicates that housing finance is influenced by affordability, interest rates, urbanisation, processing efficiency, service quality and customer relationships. C. V. Ananda Bose (1996) highlighted affordable and sustainable housing practices. Fulwari and Kumar (2016) identified household income, interest rates and urbanisation as important influences on home-loan demand. Mishra and Verma (2019) associated easy credit access, supported housing schemes and transparent procedures with customer satisfaction.

Patel (2023), in a comparison of HDFC and LIC Housing Finance, identified processing time, competitive interest rates and customer support as important satisfaction factors. Bhat and Elankumaran (2024) reported the importance of quicker approvals, lower processing charges and better customer service.

Velji and Mohan (2024) similarly linked satisfaction to interest rates, approval efficiency and the relationship between borrowers and financial institutions. The source project also reports studies from 2026 emphasizing loan tenure, interest rates, staff behaviour, responsiveness, transparency, flexible repayment and service quality.

The literature therefore supports a conceptual relationship in which loan characteristics and service experience influence customer satisfaction and borrowing decisions. The present study extends this theme through descriptive survey evidence relating to customer perceptions, awareness and service problems in the housing-finance market.

Research Objectives and Hypotheses

The objectives were adapted from the submitted project while removing repetition and improving their academic wording:

1. To examine customer perceptions of mortgage and home-loan offerings associated with HDFC.
2. To assess customer satisfaction with home-loan services.
3. To identify the factors that influence customers when selecting a home-loan provider.
4. To examine customer awareness of available housing-finance options.
5. To identify the major difficulties encountered during the home-loan process.
6. To understand the role of service quality, interest rates and repayment conditions in customer decisions.
7. To compare the reported preference for HDFC with selected competing housing-finance institutions.

Proposed hypotheses:

- H1: Service quality is positively associated with customer satisfaction with home-loan services.
- H2: Competitive interest rates are associated with greater customer satisfaction and willingness to avail home loans.
- H3: Efficient loan-processing procedures are associated with better customer experience.
- H4: Greater awareness of housing-finance options is associated with stronger ability to evaluate and select loan products.

Important methodological note: the submitted project reports descriptive percentages but does not provide correlation, regression, chi-square, t-test, ANOVA, p-values or other inferential results. Therefore, these hypotheses are presented as research hypotheses for a publication framework and are not claimed to have been statistically accepted or rejected by the existing dataset.

RESEARCH METHODOLOGY

The study uses an exploratory and descriptive research approach. The source project describes exploratory research as useful for examining issues that are insufficiently defined and for generating insights that can guide future research. The study focuses on customer perspectives, satisfaction, challenges in securing home finance and comparison of lending preferences.

Primary survey responses form the main empirical basis of the analysis presented in the project. The report uses percentage-based tables and interpretations to describe respondent characteristics, loan behaviour, satisfaction, preferences, awareness and problems. The project also uses secondary material for conceptual background, company profile and literature review.

A significant reporting limitation must be acknowledged for publication: the project contains inconsistent sample-size references. Some tables refer to 60 respondents, the limitations section states a sample of 100 customers and four banks, while several interpretations refer to 201 respondents. Because the original response-level dataset is not supplied, the publication version does not attempt to reconstruct or alter these figures. Percentages are reported exactly as presented in the project and are interpreted descriptively. Future publication should verify the actual sample size and recalculate all percentages from the raw questionnaire data before peer review.

RESULTS

The reported results reveal several important patterns.

- Income profile: 41.8% of respondents were reported in the ₹25,000–₹50,000 income group and 41.3% in the ₹50,001–₹1,00,000 group, indicating a strong representation of middle-income respondents.
- Previous borrowing: 52.7% had not previously taken a loan, while 47.3% had taken a loan.
- Service satisfaction: 48.8% were satisfied, 17.8% were highly satisfied and 33.3% were neutral.
- Loan-selection factor: service quality was the leading factor at 52.7%, followed by

repayment period at 25.9% and interest rate at 21.4%.

- Interest-rate satisfaction: 55.7% reported satisfaction with the interest rates, while 44.3% did not.
- Loan amount: 41.3% reported loans of ₹1–₹5 lakh and 36.8% reported ₹5–₹10 lakh.
- Need for home loans: 42.8% agreed and 33.3% strongly agreed that home loans are necessary for purchasing a house in the present economy.
- Reason for borrowing: 41.8% cited inability to pay the full property amount at once, 37.8% cited tax benefits and 17.4% cited non-availability of sufficient funds.
- Loan-process problems: 53.2% reported procedural delays or lack of cooperation and 41.3% reported lack of knowledge.
- Awareness: 60.7% were reported as unaware of different home-loan options, while 39.3% were aware.
- Information sources: real-estate sources accounted for 37.8%, the Internet 29.9%, friends/family 18.4%, banks 10.9% and social media 3%.
- Future demand: 25.4% were reported as planning to take a home loan, while 48.3% were not aware of market availability.
- Provider preference: LIC Housing Finance recorded 39.3%, HDFC 28.9%, SBI 15.9%, ICICI 15.4% and others 0.5% in the reported comparison.
- Recommendation: 31.8% would recommend their housing-finance provider, 48.8% would not and 19.4% selected “Maybe.”

Taken together, the descriptive results point to a mixed customer experience: service satisfaction is generally positive, but recommendation levels, process delays and awareness gaps indicate substantial scope for improvement.

DISCUSSION

The results are consistent with the broad themes identified in the literature reviewed in the source project. Service quality emerges as the strongest reported selection factor, supporting prior observations that customer support and responsiveness can influence satisfaction. The finding that 53.2% experienced procedural delays or lack of cooperation is particularly important because efficient processing is repeatedly identified in the literature as a determinant of housing-finance satisfaction.

The results also indicate that affordability remains central to borrowing decisions. The largest reported reason for obtaining a home loan was inability to pay the full property amount at once, while tax benefits were another major reason. At the same time, nearly half of respondents were dissatisfied with interest rates, suggesting that pricing remains relevant even though service quality was ranked first.

Awareness is another major concern. The reported 60.7% lack of awareness of different finance options suggests that customers may not be comparing products on a fully informed basis. The strong role of real-estate agents and the Internet as information sources also indicates that lenders need to communicate clearly beyond traditional branch-based channels.

HDFC's reported 28.9% preference demonstrates a significant position in the comparison, but the higher preference for LIC Housing Finance indicates competitive pressure. The low willingness to recommend a provider further suggests that customer satisfaction should be considered beyond basic service acceptance and should include trust, transparency, responsiveness and post-sanction support.

Managerial Implications

The study offers several practical implications for housing-finance managers:

1. Simplify loan procedures: reduce unnecessary documentation, communicate each processing stage clearly and provide customers with realistic timelines.
2. Strengthen customer support: assign responsive relationship officers and establish effective channels for resolving application and servicing issues.
3. Improve transparency: explain interest rates, processing charges, repayment obligations, documentation requirements and other terms in simple language before sanction.
4. Build financial awareness: use digital content, branch education, webinars and partnerships with credible real-estate intermediaries to explain available loan options.
5. Improve digital delivery: expand online application tracking, document submission and status notifications to reduce uncertainty and repeated visits.
6. Offer flexible repayment solutions: where policy permits, provide repayment choices that better match customers' cash flows.
7. Monitor customer advocacy: track recommendation and complaint indicators, not only loan volumes, to identify service-quality gaps.
8. Expand reach: the project identifies rural expansion and technology adoption as opportunities, suggesting scope for wider access to mortgage finance.
9. Compete on total customer value: interest rates matter, but the findings indicate that service quality is a particularly strong differentiator; managers should therefore combine competitive pricing with faster and more reliable service.

Limitations and Future Research

The study has several limitations inherited from the source project. First, the report states that the sample size was 100 customers and only four banks, while several result tables and interpretations refer to 60 or 201 respondents. This inconsistency limits the precision and generalisability of the findings.

Second, access to respondents and cooperation from banks were reported as difficult. Third, relevant secondary data were limited, and the available research period was constrained. Fourth, respondent hesitation and limited knowledge may have affected responses.

Future research should use a clearly defined sampling frame and a verified sample size, preferably with a larger and geographically diverse respondent base. Researchers should collect raw questionnaire data and apply inferential methods such as reliability analysis, correlation, regression, chi-square tests or group comparisons where appropriate. A validated customer-satisfaction scale could be used to examine the relative effects of service quality, interest rates, processing time, transparency and repayment flexibility. Comparative studies between HDFC, LIC Housing Finance, SBI, ICICI and other housing-finance providers could also identify competitive service gaps. Longitudinal research would further help determine whether improvements in digital processing and customer support lead to stronger satisfaction and recommendation over time.

CONCLUSION

The study concludes that mortgage and home-loan services are important financial mechanisms for enabling property ownership, but customer experience depends on more than access to credit. In the reported survey, service quality was the leading factor in choosing a home-loan provider, while procedural delays and lack of cooperation represented the most common reported problem. Awareness of alternative home-loan options was also limited, and a relatively high proportion of respondents were unwilling to recommend their provider.

For HDFC and other housing-finance institutions, the findings underline the importance of transparent communication, efficient processing, competitive pricing, flexible repayment approaches and technology-enabled customer service. HDFC had a substantial reported preference of 28.9%, but the comparison also indicates strong competition from LIC Housing Finance.

The study provides useful descriptive evidence for understanding customer perceptions of mortgage services. However, before journal or conference publication, the sample-size inconsistencies and underlying response data should be verified and the statistical analysis strengthened. Subject to those validation steps, the study provides a practical framework for examining customer satisfaction and service improvement in India's housing-finance sector.

Literature Sources Reported in the Submitted Project

These author-year entries are based on the source project. Complete bibliographic details should be verified before publication.

- Ananda Bose, C. V. (1996) — housing scenario, affordable and sustainable construction (as cited in the submitted project).
- Fulwari & Kumar (2016) — demand for home loans in urban India.
- Mishra & Verma (2019) — customer satisfaction with housing loans.
- Patel (2023) — comparative housing finance services of HDFC and LIC Housing Finance.
- Bhat & Elankumaran (2024) — customer satisfaction in public and private sector banks in Karnataka.
- Velji & Mohan (2024) — customer satisfaction with housing loans in Gujarat.
- Manishasri (2026) — borrower satisfaction in housing finance.
- Amuthavalli & Veeramuthu (2026) — HDFC and SBI customer satisfaction; housing-loan service factors.
- Srilakshmi, Puvvada & Ravi (2026) — banking policies and housing-finance beneficiaries.
- Chatterjee et al. (2026) — affordable housing customer satisfaction.

Publication Validation Note

This is a publication-ready structured draft based on the submitted project. It does not add new survey data or inferential results. The source contains inconsistent sample-size references (60, 100 and 201). These have been disclosed rather than corrected without evidence. Before formal publication, verify the raw dataset, final sample size, sampling procedure, study period, statistical tests and complete references.