RELIABILITY AND RESPONSIVENESS OF HOUSING FINANCE INSTITUTIONS - A STUDY WITH REFERENCE TO SIVAGANGAI DISTRICT

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Introduction

Liberalization, privatization and globalization have opened up new areas for service industry impelling a paradigm shift from the 'industrial age' to an 'informative age' and thinking towards the customer value in order to make money and ultimately survive. Like other major service industries, Indian banking is witnessing influx of new private sector banks and foreign banks with their distinct state-of-the art technology, customer-focused approach, and recognition of service quality as predictors of customer satisfaction linked with loyalty and related behavior. Despite implementing various housing schemes by the public, private and cooperative sectors, still a majority of population remains devoid of these benefits. The favourable environment created by govt. supported liberalized priority sector lending, budgetary and fiscal incentives, along with technology advances in bringing cost- effective and environmental friendly options for construction, has given impetus for raising the living standards. Thus, home loan portfolio of banking business is witnessing rapid expansion of income and employment in the economy. Currently service quality dimensions are being considered as critical factors by the housing finance institutions to achieve a differential advantage over their competitors

In this context, this paper analyses Reliability and Responsiveness of Housing finance Institutions in the study area on the basis of scores obtained by them based on Likert scales model

Methodology

On the basis of number of beneficiaries who availed housing finance during 2013-2014,three public sector banks(The Indian Bank The Indian Overseas Bank and The State Bank of India), one private sector bank (Lakshmi Vilas Bank) and two Cooperative sector banks (Sivagangai District Cooperative Bank and Karaikudi Urban Cooperative Bank) were selected from Sivagangai District for indepth analysis. A list of beneficiaries from these six housing finance institutions were consolidated and arranged alphabetically for the random selection of respondents. 20% of respondents from the research population of 300 were contacted systematically by selecting the first respondent with the help of lottery method and subsequently every fifth person from the consolidated list. A structured questionnaire

was sent to target respondents and after written reminders and personal persuasion, 200 usable responses were found fit for analysis.

The collected data were assessed for their reliability using, Cronbach Alpha values; The minimum Alpha value taken as acceptable was 0.50.The reliability coefficient values were above the minimum acceptable values of 0.5, The data thus was taken as reliable and fit for further analysis. In addition, a convergent validity measure was used to ascertain the degree of association between overall satisfaction and satisfactory service. Almost, the same mean score was obtained in all the three statements of the below average group , the average group and the above average group supporting the existence of a link between three statements fulfilling the criteria of convergent validity.

The findings of the study have been explained below by presenting the relevant tables in respect of scores relating to reliability and responsiveness of housing finance institutions selected for the study..

1. Reliability of HFIS have been studies with reference to promptness in sharing the problem, delivering the right service at the right time, providing the service at the promised time, good maintenance of records etc.

Table 1
Sector-wise scores of HFIs on Reliability

S. No	Elements of reliability	Housing finance institutions in Sivagangai district		
		Private sector banks	Public sector banks	Cooperative Sector banks
1.	Promptness in solving the problems	1.60	1.67	1.75
2	Delivering the right service at the right time	1.64	1.74	1.57
3	Providing the service at promised time	1.97	1.89	1.97
4	Good maintenance of records	1.40	4.52	1.68
	Total scores **Rank**	**6.61** **(3)**	**9.87** **(1)**	**6.97** **(2)**

As per the above Table

Private sector banks have gained the highest score (1.97)with regard to providing the service at the promised time and they have got the lowest score (1.40)with regard to good maintenance of records Public sector banks have earned highest scores (4.52)with regard to good maintenance of records and the lowest score (1.67) with regard to promptness is solving the problems.

Cooperative banks have got the highest score (1.97)with regard to providing the service at the promised time and they have got the lowest score (1.57)with regard to delivering the highest service at the right time.

Public sector banks have obtained a total score of 9.87, cooperative sector banks have got a total score of 6.97 and the private sector banks have got a total score of 6.61.

With reference to the parameter of Reliability, public sector banks stand first while the cooperative sector banks and private sector banks stand in second and third third planes.

Public sector banks are sharing a distinct lead over the cooperative and private sector banks in this regard. The margin of variation for cooperative sector and private sector banks is very thin.

On the basis of responsiveness, the study units have been studied with regard to informing customers about the time of service delivery, promptness of service to customers, helpful attitude of employers, prompt decisions of the loan sanctioning authority, easy availability to executives in case of a problem, prompt redressol of grievances by the management and so on. The weighted average scores obtained by the statements under consideration have been presented in the following Table.

Table 2
Sector-wise score of HFIs on Responsiveness

S. No	Elements of Responsiveness	Housing finance institutions in Sivagangai district		
		Private sector banks	Public sector banks	Cooperative Sector banks
1	Informing customers about the time of service delivery	2.08	2.14	2.28
2	Promptness of service to the customers	2.70	1.82	2.36
3	Helpful attitude of employers	1.85	1.54	1.72
4	Prompt decisions of the loan sanctioning authority	1.36	1.58	1.59
5	Easy accessibility of executives in case of a problem	1.79	1.99	1.52
6	Prompt redressal of grievances by the management	1.75	2.39	1.81
	Total score Rank	**11.53 (1)**	**11.46 (2)**	**11.28 (3)**

As per the Table 2, it is found out that the statement on promptness of service to the customers (2.30) has received the highest score while the statement on the prompt decision of the loan sanctioning authority has obtained the lowest score(1.36) as far as the private sector banks are concerned.

Public sector banks have obtained the highest score (2.39) with regard to prompt redressal of grievance by the management and the lowest sure with regard to helpful attitude of employees.

Cooperative sector banks have obtained the highest score with regard to the statement on informing the customers about the time of service delivery and the lowest share has been obtained by the statement on easy accessibility to executives in case of a problem.

On the whole private sector banks have got the first rank in respect of overall score and the second rank has been obtained by the public sector banks while the cooperative banks have obtained the third rank in this regard.

However there is very slight variation in the overall scores obtained by the private, public and Cooperative sector banks.

Suggestions

1. Enquiry counters should be set up at all branches. The behaviour of the officials at such counters should be extra polite, cooperative and helpful. 2)Decentralization of organization structure and more delegation of authority to managers would help in simplification of procedures for grant of housing loan and effective monitoring of credit.
2. For easy accessibility, SBI should divide the market into homogeneous segments and market the home loan products through innovative delivery channels.
3. The HFIs such as IB, IOB and SBI in order to face the competitive arena should adopt the philosophy of reaching the customer. Door to door campaign should be promoted by appointing the direct selling agents to canvass for the HFIs and to publicize the HF facilities extended by the institution.
4. Wider discretionary powers should be entrusted to the branch managers of the HFIs for enabling them to take prompt decisions.
5. Exemplary punishment to the branch managers and other staff for misusing their powers, gross neglect, dishonesty or favouritism etc. should be administered whenever necessary.
6. The managers at regional levels should conduct surveys pertaining to the changing life styles of customers periodically so that innovative housing schemes and products could be developed and launched in time.
7. Some flying squads should be appointed at zonal offices, which at random should enter into different branches to observe the state of consumer service being rendered by the HFIs.
8. The IOB should concentrate on its marketing communication mix by designing attractive, informative and up-dated brochures.

9. LVB should establish large and widely spread network of branches so as to percolate deeper into suburban and rural segments.
10. A special publicity campaign should be launched by IOB to popularise the service mix of the institution.
11. To expedite pre-sanction appraisal for housing loans, a register should be maintained by cooperative sector banks wherein all the incoming request for loans be duly entered and their disposal marked with date, reasons for undue delays should also be mentioned. This register should be inspected regularly by the controlling authorities to inculcate a sense of speedy disposal of loan application.
12. The documentation process for obtaining housing loans should be made simpler by cooperative sector banks instead of filling various agreements, forms, letters, third party guarantee, power of attorney, etc.

Conclusion

Finally it is suggested that the cooperative sector banks should take some remedial measures for designing the innovative housing finance schemes; private sector banks on procedural ease and incentive for early repayment and the public sector banks on reducing the loan processing time, genuine processing fees, door-step service and liberal mortgage procedure in disbursing the housing loan. These institutions should reformulate their service marketing strategies to improve the operational performance of their respective institution.

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