

Housing Finance Perceptual Analysis: Evidence based on potential borrowers at Home First Finance Company (HFFC), India¹

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Abstract

The housing finance is predicted to experience lower growth of credit with a rate of 9-12% from the fiscal year 2021 onwards as per the report of ICRA, due to the catastrophic impact of COVID-19. Although, it is an adverse situation, there is a positive gesture for the house loan borrowers to travel for home loans, thereby creating more demand for the loans, which may be a major push for home loan lenders, which increases competition between public sector companies. Out of 500 calls in which the company receives daily by marketing campaign, around 40 calls will be assigned to each employee to know whether the leads are really interested in getting home loans or whether the potential borrowers are able to repay the loans. The conversion rate from leads to customers will be around only 30%. Since the conversion rate is low, determining customer perception ahead of time provides valuable services for customers.

JEL Code : D84, E21, E32

Keywords : Housing finance; Loan repayment; loan parity features; Loan Superiority features; security; customer perception

I. Introduction

HOME FIRST NON-DEPOSITORY financial institution (HFFC) persists as a dedicated housing non-depository financial institution (Bernstein, 2008). HFFC aims to make home loans easier for Consumers who are buying their first home. First time buyers are likely to have a number of queries regarding various aspects of the home purchase process including obtaining a loan, eligibility, documentation, repayment and so on as depicted by (Mylonakis, 2007). The Home First Finance Company is an Indian Non-

¹ Presented at FI International Research Conference, August 2020

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their attractive feature of HFFC. These features are to be highlighted when customer is not okay with the interest rate. RM and CSM should explain these features thoroughly in order to satisfy the customers.

7.1 Predictions and Implication for future research

The perceptual analysis with a prompt case of HFFC and its potential borrowers imparted in this study exhibited a social impact on customer loan preference in non-governmental organizations. Although, it is an empirical analysis mostly based on demographic variables and predominant factors affecting customer preferences, the study sought to determine the cause and effect of customer resistance to take home loan from private organizations like HFFC. However, it can be extended to old age or elderly people preference study on choice of retirement plan. Furthermore, the study is purely based on constructive questionnaire to understand the attitude of customers towards housing finance and only the customer perspective was considered. Hence, future research could be done through financial statement analyse of the income statement, cash flow statement, break even analysis and so on from the perspective of the company and its management along with much more effective scientific financial analysis.

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