



# Customer Satisfaction Towards Home Loans: A Study on Home First Finance Company (HFFC), Madurai

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**Abstract-** Customer satisfaction in housing finance has become a make-or-break factor. India's housing finance sector is expanding at roughly 20–22% annually, and with that growth comes stiffer competition. This study looks at how borrowers at Home First Finance Company (HFFC) in Madurai actually feel about their home loan experience. The firm has serviced middle income first time buyers since inception on February 2010. These people do not have access to such from banks as they largely deal in their business without formal income proofs. HFFC, however, has never acted in a systematic manner so far. We decided to fix that. Using a descriptive research design, we surveyed 75 randomly selected HFFC customers in Madurai. The questionnaire covered loan purpose, interest rates, tenure, processing speed, documentation burden, customer service quality, disbursement transparency, and insurance satisfaction. We ran percentage analyses and Pearson correlation tests on the responses. The headline finding: 84% of customers are satisfied overall. HFFC performs particularly well on tenure flexibility (91% got the tenure they expected) and disbursement communication (every single customer confirmed their CSM walked them through the stages). On the flip side, insurance is a universal pain point—100% of respondents found the Bharati Axa premium steep and wanted more insurer choices. A strong correlation ( $r = 0.786$ ,  $p < 0.01$ ) also emerged between receiving a clear interest rate explanation and feeling that rate was fair. We recommend three concrete moves: standardized ROI explanations at sanction, an in-house legal and technical team to cut approval times, and tie-ups with multiple insurers to give customers real choice.

**Keywords:** Customer Satisfaction, Home Loans, Housing Finance, HFFC, Rate of Interest, Loan Processing, Insurance.

## I. INTRODUCTION

In the last two decades, there has been a sea change in the housing finance sector in India. The market previously dominated by banks is now full of specialised Housing Finance Companies (HFCs), aggressive NBFCs, fintech platforms all in active pursuit of the same middle class borrower. According to ICRA, HFCs are estimated to grow at 20-22% on an annualized basis and the numbers seem to lend credence to that view. Outstanding housing loans by HFCs registered with NHB jumped to Rs.9,90,427 crore by March 2017. It was Rs.33,250 crore as of March 2001. The growth is not incremental.

Enter Home First Finance Company. Incorporated on 3 February 2010 and co-founded by Mr. Jaithirth (Jerry) Rao and Mr. P.S. Jayakumar, HFFC carved out a clear niche: middle-income, first-time homebuyers looking at properties priced between Rs. 5 lakhs and Rs. 30 lakhs. Many of these customers are self-employed, work in the informal sector, or simply do not file returns. Traditional banks often turn them away. HFFC built its underwriting model around them.

The problem? Despite a growing footprint and a clearly defined customer base, HFFC had no formal mechanism for tracking how satisfied its borrowers actually were. Management knew anecdotally that complaints came in, but there was no index, no baseline, no systematic way to prioritize fixes. This study was designed to fill that gap. We set out to measure satisfaction levels among HFFC's Madurai borrowers, identify what was driving positive and negative experiences, and recommend practical improvements. The study is geographically limited to Madurai and covers the full range of HFFC's loan products.

## II. LITERATURE REVIEW

The academic literature on housing finance satisfaction is extensive, and a few themes keep coming up regardless of the institution or geography studied.

Shani and Sopna (2011), looking at corporation banks, found that prompt service and effective query handling moved the needle on satisfaction more than product features alone. Their work on interest rate perception and processing time remains directly relevant.



Ashok and Abinaya (2017) studied HDFC housing loans and reported generally positive satisfaction levels. Interestingly, they found no meaningful link between a customer's education and their satisfaction score—suggesting that service quality, not borrower sophistication, is what matters.

Earlier work by Krishna and Ganesh Murthy (1998) made the case that lower interest rates and simpler sanctioning procedures directly stimulate housing construction. Parimal Vyas and Sandip Bhat (1999) pushed the argument further, arguing that housing finance institutions needed marketing-oriented restructuring to survive in a liberalized economy. That prediction has largely played out.

Mistry (2002) noted that HDFC outperformed commercial banks on expert counseling and legal advisory—value-added services that customers remember long after the loan is disbursed. Krishnamurthy (2002) observed that the mortgage-backed, relatively safe nature of housing finance was drawing more banks into the sector, tightening competition.

Perhaps the most sobering finding comes from Jasmindeep Kaur Brar and J.S. Pasricha (2005), who surveyed five major housing finance institutions in Punjab. Customers across all five complained that interest rates were too high, even during a falling-rate regime. That paradox—objectively lower rates, subjectively high dissatisfaction—shows how much perception matters, and it is a warning HFFC should take seriously.

Srinivas Subbarao (2006) offered a cautionary note: aggressive marketing combined with weak appraisal standards breeds non-performing loans and, downstream, customer resentment.

Across this literature, three patterns are unmistakable: interest rate perception is central, processing speed and transparency matter enormously, and service quality—especially from frontline staff—is what customers talk about when asked why they would recommend a lender. This study tests those themes in HFFC's specific context.

### III. RESEARCH METHODOLOGY

#### 3.1 Research Design

We used a descriptive research design. Descriptive studies do not manipulate variables; they characterize what is already there. That made sense for our goal: we wanted a clear, systematic picture of who HFFC's Madurai customers are and how they feel about their loan experience.

#### 3.2 Sample and Data Collection

We drew a random sample of 75 HFFC home loan customers in Madurai. All respondents had already received loan disbursement, so they had experienced the full journey—from application to sanction to payout.

Primary data came from a structured questionnaire with a mix of question types: direct close-ended questions, dichotomous yes/no items, multiple-choice questions, and Likert-scale items for attitudinal measures. We also pulled secondary data from HFFC's internal records, published annual reports, and ICRA/NHB industry publications.

#### 3.3 Analytical Tools

Two tools did the heavy lifting:

Percentage analysis for demographic breakdowns and response distributions.

Pearson correlation to test relationships between process variables (e.g., getting an ROI explanation) and satisfaction outcomes.

## IV. RESULTS AND DISCUSSION

#### 4.1 Demographic Profile

The sample of 75 respondents skewed male (68%) and salaried (64%). Age-wise, 33% were 26–35, while 31% each fell in the 36–45 and 46–60 brackets. Only 5% were 18–25—suggesting HFFC has room to attract younger, early-career buyers.

Income confirmed HFFC's positioning: 32% earned Rs. 25,001–45,000 per month, and 23% earned Rs. 45,001–60,000. About 55% of the sample sat in that Rs. 25,000–60,000 band.

Variable	Category	Percentage
Gender	Male	68%
	Female	32%
Age Group	18–25	5%
	26–35	33%
	36–45	31%
Occupation	46–60	31%
	Salaried	64%
	Self-Employed	36%
Monthly Income	Rs. 15,000–25,000	20%
	Rs. 25,001–45,000	32%
	Rs. 45,001–60,000	23%
	Rs. 60,001–1,00,000	17%
	Above Rs. 1,00,000	8%



#### 4.2 Loan Purpose

The SECO product—Self-Employment Construction on Own Plot—dominated, chosen by 49% of respondents. Mortgage loans followed at 23%, flat/property purchase at 19%, extension/renovation at 5%, and land purchase plus construction at 4%.

One standout: balance transfer recorded zero uptake. HFFC offers this product, but not a single respondent in our sample had used it. That is either a awareness problem or a positioning problem, and it is worth investigating.

#### 4.3 Rate of Interest

Interest rates clustered high: 42% paid 13.1–14.9%, and 24% paid 15–16.9%. Seven in ten customers, in other words, were above 13%.

More concerning: 32% said they received no explanation whatsoever for their assigned rate. Of those who did have an opinion on whether their rate was fair, opinion was split—31% called it high, 31% called it low or very low, and 24% found it justified. The correlation tells the real story:  $r = 0.786$  ( $p < 0.01$ ) between receiving an ROI explanation and perceiving the rate as justified. When Relationship Managers proactively explain the rate, customers accept it. When they do not, perception sours—regardless of what the number actually is.

#### 4.4 Tenure Flexibility

HFFC nailed this. 91% of customers got the tenure they expected. The correlation between expected and provided tenure was exceptionally strong ( $r = 0.934$ ,  $p < 0.01$ ), indicating that HFFC's tenure-setting process is well-calibrated to customer expectations.

#### 4.5 Loan Processing

Speed was generally good. 64% received sanction within 2–5 days, and 13% got it in under a day. Final approval took 10–20 days for 68% of customers. Only 9% faced delays beyond 20 days.

When delays happened, customers largely blamed themselves: 91% attributed delays to pending documents on their end, versus 9% who pointed to internal company delays. That self-attribution likely cushioned dissatisfaction. Overall processing satisfaction stood at 85%.

The correlation between delay source and satisfaction ( $r = 0.618$ ,  $p < 0.01$ ) supports this interpretation—customers who understood delays were their own fault remained more satisfied than those who blamed the company.

#### 4.6 Customer Service

This was a clean sweep. Across five dimensions—RM approachability, explanation clarity, ease of documentation, CSM guidance during signing, and query resolution—not a single respondent reported dissatisfaction. Most strongly agreed or agreed on every parameter. HFFC's frontline staff is doing something right.

#### 4.7 Disbursement

Every customer (100%) confirmed their CSM discussed disbursement stages with them. That kind of proactive communication is rare and commendable.

Timeline-wise, 48% received disbursement within 1–2 weeks, 31% within a week, and 20% within 2–3 weeks. Only 1% waited over a month. Where delays occurred, 93% again blamed their own pending work rather than the company.

#### 4.8 Insurance

Here the picture flips completely. Every single respondent (100%) reported that insurance was explained to them, that they considered the Bharati Axa Life Insurance premium high, and that they wanted more insurance options. 85% funded the premium through their HFFC loan rather than paying out of pocket.

Universal dissatisfaction on insurance points to a structural issue: an exclusive tie-up with one insurer eliminates choice and, in customers' eyes, inflates cost. This is not a perception problem; it is a product-design problem.

#### 4.9 Overall Satisfaction

84% of customers were satisfied or extremely satisfied. 16% were not. More tellingly, 95% said they would recommend HFFC to others. That gap—84% satisfied, 95% willing to recommend—suggests that even partially dissatisfied customers see enough value in HFFC to refer friends and family. There is goodwill here, but also latent risk if the pain points fester.

Factor	Key Finding
Loan Purpose	49% preferred SECO; Balance Transfer had 0% uptake
Rate of Interest	70% charged 13.1–16.9%; 32% received no ROI explanation; $r=0.786$ with satisfaction
Tenure	91% flexibility; very strong correlation ( $r=0.934$ ) between expected and provided tenure



Loan Processing	85% satisfied; 91% of delays due to customer documentation
Customer Service	0% dissatisfaction across all 5 service dimensions
Disbursement	100% CSM communication; 79% disbursed within 2 weeks
Insurance	100% dissatisfied with premium and lack of choice
Overall Satisfaction	84% satisfied; 95% willing to recommend HFFC

## V. CONCLUSION AND RECOMMENDATIONS

HFFC's Madurai operation delivers a broadly positive home loan experience. Four in five customers are satisfied, and nearly all would recommend the company. The strongest pillars are tenure flexibility, disbursement transparency, and the quality of frontline customer service. The data on ROI explanation ( $r = 0.786$ ) is unambiguous: communication converts skepticism into acceptance.

That said, three areas need attention. First, standardize interest rate communication. Every customer should receive a clear, written explanation of how their rate was determined at the point of sanction. The correlation data shows this is not a nice-to-have; it is a satisfaction driver.

Second, bring legal and technical review in-house. Currently, HFFC depends on external agencies for property valuation and legal verification. Building an internal team would compress final approval timelines and reduce the 9% of company-attributed delays that do occur.

Third, fix insurance. A 100% dissatisfaction rate is not a trend; it is a systemic failure. HFFC should negotiate tie-ups with multiple insurers, offer a menu of products and premium structures, and let customers choose. The current exclusive arrangement with Bharati Axa is costing HFFC goodwill.

The research is limited to Madurai only, which is the first limitation. In the second place and the sample size is descriptive in nature and the sample size of 75 borrowers is very small for multivariate modelling. Replicating the study in various other cities is essential. Additionally, satisfaction ought to be measured from the time of sanction to disbursement, up to the end of one year when repayment starts to see switches.

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