



HOUSING LOAN PURCHASE DECISION OF CONSUMERS

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ABSTRACT

Consumer purchase decisions are the series of choices made by a consumer prior to making a purchase. The consumer make decisions on where to make the purchase, what brand, when to purchase, how much to buy and the like. The marketer attempts to influence each of these decisions through their marketing stimuli/strategies that may shape the consumer's evaluation process. Housing loans is a complex product where consumer experiences various problems while acquiring and after that. So an attempt has been made to find out the purchase behaviour of the consumers. Descriptive research design has been adopted for the research for a sample size of 531 consumers. The study area is Namakkal District in Tamil Nadu. Random sampling technique has been used. It is found from the study that TV & magazine advertisement, previous borrowers of housing loans are found as the prominent sources of information. Consumers made repeated visits to the bank which range from 2 to 6 times to get loan. Spouse is the major source of influence. Regarding the various attributes influencing the selection of the bank, flexibility, the processing fee, the interest rate, and the processing time are found prominent.

KEYWORDS: Consumer evaluation process, Housing loans, Marketing stimuli, Purchase decision.**INTRODUCTION**

Consumers constantly make decisions regarding the choice, purchase, and use of goods and services. These decisions are of great importance not only for the consumers themselves, but also for marketers. However, understanding these decisions are difficult. Consumers are often provided with a large number of alternatives, which are constantly changing due to changes in technology, competitive pressures and a great deal of information available from many sources (e.g., mass media, colleagues, previous users). It is the series of choices made by a consumer prior to making a purchase that begins once the consumer has established a willingness to buy. The consumer make decisions on where to make the purchase, what brand, model, or size to purchase, when to purchase, how much to buy and the like. The marketer attempts to influence each of these decisions through their marketing stimuli/strategies that may shape the consumer's evaluation process.

As far as home loan purchase decision is concerned, high involvement of the buyer could be witnessed. The product is highly priced but almost all banks give the same features. Sometimes this may involve the post purchase dissonance too. It is well documented that the decision-making process follows a number of stages, although there has been a little consensus on the number of stages an individual goes through before making a final choice (*Lee and Marshall, 1998*). Studies using self-reports have included three stages (*Davis and Rigaux, 1974*), four stages (*Moschis and Mitchell, 1986*) and nine stages (*Woodside and Motes, 1979*). For the purpose of this study, a five-stage approach was used. Five stages were considered appropriate

as these cover all the important decision-making stages. The five stages are problem recognition, information search, evaluation of alternatives, purchase decision and post purchase behaviour. It is also used by most consumer behaviourists in explaining consumer decision making (*Solomon and Michael, 1999*). Although previous research assumes that the decision-making process occurs in a linear, step-by-step process but *Fisher, 1970; Gersick, 1988; Lee and Marshall, 1998* have suggested that the process is non-linear, proceeding in an iterative cycle which is shown in **Figure I**

In this study an attempt is made to find out the purchase decision and actual purchase of the consumers of the housing loans. Analyses are made on the sources of awareness on bank loans of the consumers, the important product and brand attributes that attract the consumers and the factors influencing decision making. Actual purchase of the buyers viz., the purchase lead-time, amount of loan applied and sanctioned, reasons for the differences in the loan applied and loan sanctioned, actual utilization of the loan amount are also analysed.

METHODOLOGY

In this study, the descriptive research design has been used. The descriptive research is marked by a clear statement of the problem, specific hypothesis, detailed information needs, sample selection, data collection and processing and analysis of the collected data to get valid inferences in the form of findings. The present study deals with the purchase behaviour of the consumers of the commercial banks namely Public Sector Banks, Old Private Sector Banks and New

Generation Private Sector Banks. The study was carried out from June 2009 to December 2010.

SAMPLING DESIGN

In the Present study, random sampling technique has been used to draw adequate samples. There are 5 municipalities, 19 Town Panjayats and 331 village Panjayats in Namakkal District. Out of which 1 Municipality, 4 Town Panjayats and 66 Village Panjayats were randomly selected. Out of which 531 borrowers were identified randomly in proportion to the number of housing loans disbursed in the selected area.

OBJECTIVES

- To assess the socio-economic characteristics of the consumers of the housing loans in schedule commercial banks
- To find out the factors influencing the purchase decision of consumers.
- To analyse the purchase behaviour of the consumers.

ANALYSIS AND INTERPRETATION

The demographic factors of the respondents are given in **Table I**. It is inferred that more number of female has taken housing loan in public sector banks and 89.08 per cent of the respondents have involved in the house construction activity before they complete 50 years age.

The social factors of the respondents are given in **Table II**. It can be inferred that majority of the respondents are salaried male with a family size of 3-5. Most of the respondents i.e., 59.32 per cent of them are having either under graduation or post graduation as their qualification.

The economic factors of the respondents are given in **Table III**. Economic factors include the respondents' income, savings and asset information. It can be understood that 51.23 per cent of the respondents have a annual income of Rs 3,00,000 to 4,50,000. Regarding the savings and the assets of the respondents are concerned, majority of the respondents have Rs 1,00,000 to Rs 2,00,000 as savings and Rs 5,00,000 as asset value with 52.16 per cent and 50.93 per cent respectively.

Sources of awareness about Housing Loan are given in **Table IV**. To find out significant differences in the opinion on the most informative sources of housing loans, the mean responses on the various sources of housing loans and its respective 'F' statistics are estimated. Among the consumers of public sector banks, the important informative sources are television advertisements and builders/contractors as the respective mean scores are 3.87 and 3.62. In old public sector banks, the important sources are television advertisements and bank officials since its mean scores are 3.93 and 3.58 respectively. In the New generation public sector banks, these two sources are agents and friends & relatives. Regarding the perception on the sources for housing loan, there is a significant difference among the three groups of borrowers. The significant level of differences are found among the television advertisements, magazine advertisements, previous

borrowers, organizations and bank officials since the respective 'F' statistics is significant at five per cent level.

Organisation influencing the buying decision are given in **Table V**. Spouse is the major source of influence for the purchase of home loans as 86.8 per cent of them opined so. The next big influencers are parents and colleagues with 60.4 and 51 per cent respectively. The lease influencers are trade association members and co-club members with 10 and 18.1 per cent respectively.

Product attributes are given in **Table VI**. As far as core product attributes are concerned, 65.7 per cent of the respondents have high perception on the core product attributes where as 24.7 per cent of the respondents is having medium level of perception. Only 9.6 per cent of the respondents have a low level of perception with the core product. As far as tangible product attributes are concerned, 53.9 per cent of the respondents has medium level of perception followed by 42.7 per cent of the respondents have high level of perception whereas 3.4 per cent of the respondents have low level of perception with the actual product. As far as augmented product attributes are concerned, 48 per cent of the respondents has medium level of perception followed by 35.8 per cent of the respondents have high level of perception. 16.2 per cent of the respondents have low perception with the augmented product.

Effect of Independent Variables on the Perception of the Core Product Attributes using LMR Model are shown in **Table VII**. LMR analysis shows that demographic, social and economic variables have effected significantly the perception of housing loan borrowers on the housing loan core features (core product attributes) of public sector and private sector banks. As far as the perception on the core product attributes of the public sector banks are concerned, the profile (Independent) variables such as gender the social indicator variable particularly family size, contact with change agent, knowledge on social issues and value orientation on housing and the economic indicator variables such as family income level and saving capacity have positively effected to have greater perception; whereas, social indicator variable viz., level of education & social participation and economic indicator variables such as no. of earning members in the family and the value of assets possessed by the family have significantly effected to have low perception on the core product attributes.

As far as the housing loan core attributes of the private sector banks are concerned, the demographic indicators viz., age and gender, the social indicators viz., family size and the economic indicators particularly family income have effected significantly to have high perception of the core features. The variables such as the value of assets possessed by the family and extent of debts other than the housing loan held have significant level of negative effect. From the above analysis, it may be inferred that housing loan borrowers with comparatively lower level of education as well as family with almost single earning member, possessing less assets and less debts held seem to have high perception of the core product attributes of the public as well as private sector banks. This may be true due to the fact that

the bankers today seem to serve the small people to a greater extent than before. Persons with less education and lesser social participation and having one earning members seem to have high perception on the core product attributes of the public sector banks to a greater extent than that of the Private sector banks.

Effect of Independent Variables on the Perception of the Tangible and Augmented Product Attributes using LMR Model are shown in **Table VIII**. LMR analysis shows that demographic, social and economic variables have effected significantly the perception of housing loan borrowers on the housing loan tangible and augmented features of public sector and private sector banks. As far as the perception on the tangible and augmented product attributes of the public sector banks are concerned, the profile (Independent) variables such as age, the social indicator variable particularly marital status (married = 1, unmarried = 0) and value orientation on housing have positively effected to have greater perception; whereas, social indicator variables viz., family size, social participation, contact with change agents & knowledge on social issues and economic indicator variables particularly family income and having debts other than housing loans have significantly effected to have low perception on the tangible and augmented product attributes.

As far as the tangible and augmented attributes of housing loan of the private sector banks are concerned, the demographic indicators viz., age, the social indicators viz., family size and value orientation on housing and the economic indicators particularly value of assets possessed by the family have effected significantly to have high perception of the core features. The variables such as gender (male = 1, female = 0), social participation and contact with change agents have significant level of negative effect. From the above analysis, it may be inferred that borrowers who are unmarried as well as having less social participation and contact with change agents and having less other debts seem to have high perception of the tangible and augmented product attributes of the public as well as private sector banks. This may be true due to the fact that the bankers today seem to serve the small people to a greater extent than before. Old people, persons with more contact with change agents and persons with high value orientation on housing seem to have high perception on the tangible and augmented product attributes of the private sector banks to a greater extent than that of the public sector banks. This may be due to adoption of more promotional tools by the Private sector banks than the public sector banks.

Table IX indicates the mean scores of the variables influencing the consumers and its respective 'F' statistics. Among the borrowers in public sector banks, the important attributes are processing fee and flexibility as the respective mean scores are 3.7976 and 3.7172. In old public sector banks, the important reasons are processing time of the loan and other services since its mean scores are 3.8754 and 3.8675. In New generation public sector banks, these two important variables are wide loan options and adequacy of loan amount. Regarding the perception on the various attributes influencing the selection of the bank for such differences there is a significant difference among the three

group of borrowers identified in flexibility, processing fee, interest rate, processing time and other services since the respective 'F' statistics is significant at five per cent level.

Prominent Attributes Influencing the Selection of the Bank are shown in **Table X**. The factors chosen for the study are financial factors, product factors and peripheral service factors which influence the decision on selection of bank among the borrowers to the extent of 63.68 per cent. The most important factor is financial factor. It consists of four attributes with the reliability coefficient of 0.8183. The eigen value and the percent of variations of this factor are 3.9142 and 24.86 per cent respectively. The prominent variables in this factor are interest rate and processing fee. The second important factor is the product factor. It consists of five variables with the reliability coefficient of 0.7246. The eigen value and the percent of variation of this factor are 2.8717 and 21.96 per cent respectively. The prominent variables in this factor are flexibility and processing time. The last factor namely peripheral service consists of four variables with the reliability coefficient of 0.7372. The important variables included in this factor are other services and switching facility.

ACTUAL PURCHASE OF THE PRODUCT

Having examined the alternatives of the housing loan, the borrower choose buying alternative which is determined by seller's offer, past purchase experience, convenience etc. The timing of the buying is determined by, the bankers' offers on interest rates, processing fees, time pressure etc. Generally, the consumer's purchase decision will be to buy the most preferred brand. However, two factors can come between purchase intention and purchase decision. (*Jagdish N. Sheth, 1974*)

Frequency of visits made to banks are shown in **Table XI**. A single majority 36 – 60 percentage of the respondents have availed a loan amount by making repeated visits to the bank which range from 2 to 6 times. The mean number of such visit is 4 to 5 times and also which vary among consumers.

Quantum of Loan Requested are shown in **Table XII**. The loan amount sought by the respondents range from upto Rs 2 lakhs to above Rs 10 lakhs. The mean loan amount sought by the respondents is Rs 6.85 lakhs. However, the consumers of public sector banks and New generation public sector banks sought a little above the mean loan amount i.e., Rs 7.10 lakhs to 7.59 lakhs, where as the consumers of old public sector banks have sought Rs 5.64 lakhs, a little less to the overall mean figure.

Effect of Independent Variables on the Quantum of Loan requested in Different SCBs using LMR Model are shown in **Table XIII**. LMR analysis shows that demographic, social and economic variables have effected significantly the quantum of loan amount applied in the public sector and private sector banks. As far as the quantum of loan applied in the public sector banks are concerned, the social indicator variable particularly marital status (married = 1, unmarried = 0), size of the family, contact with change agents and economic variables such as family income and value of assets possessed have positively effected the quantum of loan amount applied; whereas,

demographic variable viz., age, economic indicator variables particularly savings capacity have significantly effected to apply for low amount of housing loan.

As far as the quantum of loan applied in the private sector banks are concerned, the social indicators viz., level of education and knowledge on social issues and the economic indicators particularly savings capacity and value of assets possessed by the family have effected significantly to apply for high loan amount. The variables such as age, social participation and debts other than housing loan have significant level of negative effect.

From the above analysis, it may be inferred that housing loan borrowers who seem to be young in their age, but married seem to have applied for high amount of housing loan in the public as well as private sector banks. This may be true due to the fact that double income family members have higher repayment capacity than the single income persons. Women are going for higher loan amount. Women are the major influencer for housing loan, this could be the reason for more number of women seeking the housing loan. More the social contact and more the loan amount applied because respondents want to show off their house to their friends. LMR model indicates that extent of assets possessed by borrowers seem to have greater effect on the quantum of housing loan sought. This finding seems to be not on the expected line. This may be due to high level of security orientation of the bankers for providing the loan amount than on social responsibility of providing habitat to millions of poor people.

Quantum of Loan Availed are shown in **Table XIV**. The loan amount availed by the respondents range from upto Rs 2 lakhs to above Rs10 lakhs. The mean loan amount availed by the respondents is Rs5.94 lakhs. However, the consumers of public sector banks and New generation public sector banks availed a little above the mean loan amount i.e., Rs6.25 lakhs to Rs6.72 lakhs, whereas the consumers of Old public sector banks have availed Rs4.58 lakhs, a little less to the overall mean figure.

Difference between Loan Requested and Loan Availed are shown in **table XV**. A single majority 33 – 37 percentage of the respondents have availed a loan amount with a difference between the loan applied and availed ranging from no difference to Rs1.5 lakhs and the mean loan amount sought is Rs1.23 lakhs. However, the mean difference amount varies among consumers and among banks.

Reasons for the deviation from the quantum of loan requested using One Way ANOVA Are shown in Table XVI. **Table XVI** indicates the mean scores of the reasons for the difference between the loan requested and sanctioned and its respective 'F' statistics. Among the borrowers in public sector banks, the important reasons for such differences are under valuation of the property purchased and lack of communication skills as the respective mean scores are 3.7143 and 3.3226. In Old public sector banks, the important reasons are attitude and skill of the managers and lack of communication skills since its mean scores are 3.7784 and 3.0784 respectively. Regarding the perception on the reasons for such differences, there is a significant

difference among the three groups of borrowers identified especially in one reason namely attitude and skill of the managers since the respective 'F' statistics is significant at five per cent level.

Rate of Interest of the housing loan are shown in **Table XVII**. A single majority 27 – 41 percentage of the respondents have availed a loan amount at an interest rate ranging from 8 to 10 percentage and the mean interest rate sought is 9.84 per cent. However, the mean interest rate for which applications made varies among banks.

Interest rate option for the housing loan are shown in **Table XVIII**. It shows that 57.44 per cent of the respondents have opted for floating interest rates. This is so among the consumers of housing loans of public sector banks and old public sector banks whereas in new generation public sector banks, a majority 60.47 per cent of respondents opted for fixed interest rates. Influence of the manager (banker) at the POP (Point of Purchase) seems to play a major role in the decision on option to interest rates of the borrowers. There is a provision in the loan agreement which enables the bank to change the interest rate even if it is fixed rate of interest.

FINDINGS

- Nearly 87 % of the respondents are going for house construction before they attain 50 years.
- Salaried and educated persons are the major segments for the housing loan
- Perception on product and price are the major determinant for the loan in all the banks.
- Among several sources of awareness, TV & magazine advertisement, previous borrowers of housing loans, bank officials are found as the prominent sources of information. 'F' statistics also proved that the above sources are significant than other sources.
- Spouse is the major source of influence for the purchase of home loans as 86.8 per cent of them opined so.
- Regarding the various attributes influencing the selection of the bank, the attributes such as, flexibility, the processing fee, the interest rate, and the processing time are found prominent since the respective 'F' statistics is significant at five per cent level.
- As far as core product attributes are concerned, 65.7 per cent of the respondents have high perception on the core product attributes.
- As far as tangible product attributes are concerned, 53.9 per cent of the respondents have medium level of perception.
- As far as augmented product attributes are concerned, 48 per cent of the respondents have medium level of perception.
- A single majority 36 – 60 percentage of the respondents have availed the housing loan after repeated visits to the bank which range from 2 to 6 times. The mean number

of such visits made is 4 to 5 times and which vary among consumers.

- The loan amount sought by the respondents range from below Rs 2 lakhs to above Rs 10 lakhs. The mean loan amount sought by the respondents is Rs 6.85 lakhs.
- The loan amount availed by the respondents range from below Rs 2 lakhs to above Rs 10 lakhs. The mean loan amount availed by the respondents is Rs 5.94 lakhs.
- A majority 70.24 per cent of the respondents have not availed their loan as requested.
- The F-Statistics showed that the managers' decision is the important reason for the difference between the loan amount sought and availed since the respective 'F' statistics is significant at five per cent level.
- A single majority 27 – 41 percentage of the respondents have availed loan amount at a interest rate ranging from 8 to 10 percentage and the mean interest rate sought is 9.84 per cent. However, the mean interest rate for which applications made varies among banks.
- Nearly fifty eight per cent of the respondents have opted for floating interest rates.

CONCLUSION

To conclude this study, it can be generalized that there are significant difference in the actual purchase of the consumers of the housing loans of PUBLIC SECTOR BANKSs, O public sector banksand New generation public sector banks. TV, magazine advertisements, previous borrowers and bank officials are the important sources of awareness on housing loans in the PUBLIC SECTOR BANKSs, O public sector banksand New generation public sector banks. Regarding the important product attributes are concerned, flexibility, processing fees, processing time and interest rates plays a major role in all the three types of banks. Consumers of housing loans of the New generation public sector banks are making fewer visits to the bank to avail the loan than others. Attitude and skill of the manager

is the reasons for the deviation from the loan requested in all the three types of banks.

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Table I Demographic factor of the Respondents

S.No	Factors	Public sector banks	Old Private Sector Banks	New Generation Private Sector Banks	Total
1	Gender				
	Male	68.21	85.12	88.37	75.33
	Female	31.79	14.88	11.63	24.67
2.	Age				
	Below 30	8.02	4.13	1.16	6.03
	30-40	38.89	43.80	26.74	38.04
	41-50	40.12	50.41	55.81	45.01
	51-60	8.03	0.83	16.28	7.91
	Above 60Years	4.63	0.83	0	3.01

Source: Primary Data

Table II Social Factors

S.No	Factors	PSBs	OPSBs	NGPSBs	Total
1.	Marital Status				
	Married	91.98	97.52	97.67	94.16
	Unmarried	8.02	2.48	2.33	5.84
2.	Occupation				
	Professional	4.63	2.48	19.77	6.59
	Salaried	69.44	66.12	9.30	58.95
	Self Employed	25.93	31.40	70.93	34.46
3.	Education				
	No formal Education	1.85	6.61	0	2.64
	Higher Secondary Education	31.17	20.66	47.67	31.45
	Under Graduation	38.27	42.98	20.93	36.53
	Post-Graduation	24.07	27.27	11.63	22.79
	Professional	4.63	2.48	19.77	6.59
4.	Family Size				
	Less than 3	5.25	16.53	0	37
	3-5	69.14	64.46	60.47	354
	6-8	25.00	17.36	39.53	136
	Above 8	0.62	1.65	0	4

Source: Primary Data

Table III Economic Factors

S.No	Factors	PSB	OPSBs	NGPSBs	Total
1.	Annual Family Income (Rs)				
	Upto R150000	6.48	38.84	19.77	16.01
	150001-300000	29.63	35.54	24.42	30.13
	300001-450000	51.23	23.14	34.88	42.18
	Above 450000	12.65	2.48	20.93	11.68
2.	Annual Family Savings(Rs)				
	Upto 100000	19.14	54.55	32.56	29.38
	100001-200000	52.16	42.98	39.53	48.02
	200001-300000	28.40	2.48	26.74	22.22
	Above 300000	0.31	0	1.16	0.38
3.	Assets (Rs)				
	Up to 500000	50.93	52.07	29.07	47.65
	500001-1000000	15.43	23.97	30.23	19.77
	1000001-2000000	16.05	0	0	9.79
	2000001-3000000	1.54	3.31	11.63	3.58
	3000001-4000000	2.45	7.44	0	3.20
	Above 4000000	13.58	13.22	29.07	47.65

Source: Primary Data

Table IV Sources of Awareness about Housing Loan - One Way ANOVA

S.No	Sources of awareness	Mean Scores among Borrowers			F-Statistics
		PSBs	OPSBs	NGPSBs	
1.	Television Advertisement	3.87	3.93	3.33	5.221*
2.	Newspaper Advertisement	3.60	3.45	3.37	1.045
3.	Magazine Ad	3.27	3.21	2.84	3.152*
4.	Internet Advertisement/ News	3.31	3.12	3.35	0.916
5.	Loan Mela	3.10	2.83	3.13	1.981
6.	Previous Borrowers	2.98	2.51	3.26	7.185*
7.	Organizations	3.27	3.21	2.84	3.152*
8.	Builders / Contractors	3.62	3.45	3.37	1.045
9.	Bank Officials	3.26	3.58	3.38	3.454*
10.	Friends & Relatives	3.26	3.22	3.41	0.596
11.	Agents	3.57	3.54	3.53	0.051
12.	Direct Contact with Bank	3.32	3.23	3.40	0.479

* Significant at five per cent level. Source: Primary Data

Table V Organization Influencing Buying Decision

S.No	Influence	Yes	No	Total
1	Parents	322(60.4)	209(39.4)	531(100)
2	Children	173(32.6)	358(67.4)	531(100)
3	Spouse	461(86.8)	70(13.2)	531(100)
4	Friends	202(38)	329(62)	531(100)
5	Colleagues	271(51)	260(49)	531(100)
6	Co-club Members	96(18.1)	435(81.9)	531(100)
7	Trade Associations	53(10)	478(90)	531(100)

(Figures in the bracket are percentages to row total) Source: Primary Data

Table VI Product Attributes

S.No	Perception Category Factors	Number of Respondents			Total
		Low	Medium	High	
1.	Core Product	51(9.6)	131(24.7)	349(65.7)	531(100)
2.	Tangible Product	18(3.4)	286(53.9)	227(42.7)	531(100)
3.	Augmented Product	86(16.2)	255(48)	190(35.8)	531(100)

(Figures in bracket are percentages to row total) Source: Primary Data

Table VII Effect of Independent Variables on the Perception of the Core Product Attributes – LMR Model

Independent Variables	Among PSBs	Among PrSBs	Pooled
Demographic			
Age	0.005	0.009*	-0.002
Gender	0.495*	0.026*	0.014
Social			
Marital Status	0.119	0.004	-0.144
Education	-0.121*	-0.0114	-0.125*
Occupation	0.073	0.032	0.086
Family size	0.072*	0.075*	0.048*
Social Participation	-0.197*	-0.22	-0.003
Contact with Change Agents	0.306*	0.045	0.116*
Knowledge on Social Issues	0.831*	0.263*	0.475*
Value Orientation	0.330*	0.149	0.197*
Economic			
Family Income	0.171*	0.185*	.155*
Savings	0.211*	-0.166	.036
No. of Earning Members	-0.397*	0.105	-0.021
Assets	-0.002*	-0.002*	-0.003*
Other debts	-0.013	-0.329*	-.141*
Constant	-1.176	3.410	1.096
R²	0.461	0.472	0.288
N	324	207	531

*Significant at 0.05 level. Source: Primary Data

Table VIII Effect of Independent Variables on Perception of the Tangible and Augmented Product Attributes – LMR Model

Independent Variables	Among PSBs	Among PrSBs	Pooled
Demographic			
Age	0.017*	0.020*	0.019*
Gender	0.185	-0.505*	-0.135
Social			
Marital Status	0.462*	0.308	-0.135*
Education	0.001	-0.064	0.547
Occupation	-0.067	-0.034	-0.045
Family Size	-0.067*	0.138*	-0.028
Social Participation	-0.361*	-0.304*	-0.013*
Contact with Change Agents	-0.445*	-0.543*	-0.427*
Knowledge on Social Issues	-0.159*	-0.164	-0.519
Value Orientation	0.517*	0.581*	0.078*
Economic			
Family Income	-0.158*	-0.007	0.078*
Savings	0.047	0.130	0.089
No. of Earning Members	-0.097	-0.143	-0.215*
Assets	0.001	0.001*	0.000
Other Debts	-0.147*	-0.046	-0.083*
Constant	1.264	0.664	1.208
R²	0.323	0.819	0.640
N	324	207	531

*Significant at 0.05 level. Source: Primary Data

Table IX Various Attributes Influencing Selection of the Bank - One Way ANOVA

S.No	Attributes	Mean Scores among Respondents			F-Statistics
		PSBs	OPSBs	NGPSBs	
1.	Accessibility	2.8589	3.2162	2.7972	1.3329
2.	Proximity	3.3084	3.7874	2.5761	2.5061
3.	Flexibility	3.7172	2.3417	2.9691	3.1917*
4.	Processing Fee	3.7976	3.0811	2.3616	3.2101*
5.	Wide Loan Options	2.8081	3.7172	3.0672	2.4506
6.	Duration of the Loan	2.8681	2.4503	2.4603	1.8917
7.	Interest Rate for Loan	2.0685	3.8625	2.2105	3.3917*
8.	Adequacy of Loan Amount	2.4565	2.8934	3.0123	2.8765
9.	Processing Time of the Loan	2.7654	3.8754	2.5646	3.0986*
10.	EMI of the Bank	2.3381	3.8186	2.0631	3.4086
11.	Redraw Facility	2.7033	2.5657	2.2342	1.9874
12.	Switching Facility	3.0692	2.9198	2.6823	1.2633
13.	Other Services	2.8019	3.8675	2.3031	3.4612*

*Significant at five per cent level. Source: Primary Data

Table X Prominent Attributes Influencing the Selection of the Bank

Factors	Variables	Factor Loading	Reliability Coefficient	Eigen Value	Percentage of Variance
Financial Factors	Interest Rate	0.9327	0.8183	3.9142	24.03
	Processing Fee	0.8196			
	EMI	0.6391			
	Adequacy of Loan	0.6033			
Product Factors	Flexibility	0.8364	0.7246	2.8717	21.96
	Processing Time	0.8017			
	Accessibility	0.7636			
	Wide Product Range	0.8024			
	Proximity	0.5901			
Peripheral Services Factors	Other Services	0.8024	0.7372	2.6502	17.69
	Switching Facility	0.7391			
	Redraw Facility	0.5531			
	Tenure	0.541			

Source: Primary Data

Table XI Frequency of Visits Made to Banks

S.No	Bank category No. of Visits	Number of Borrowers						Total	%
		PSBs	%	OPSBs	%	NGPSBs	%		
1.	Upto 2	63	19.44	41	33.88	34	39.5	138	25.99
2.	3-5	79	24.38	43	35.54	52	60.4	174	32.77
3.	5-6	129	39.81	37	30.58	0	0	166	31.26
4.	Above 6	53	16.36	0	0	0	0	53	9.99
	Total	324	100	121	100	86	100	531	100
	Mean	5.5 times		4 times		3 times		4.5 times	

Source: Primary Data

Table XII Quantum of Loan Requested

S.No	Bank category Loan Requested (Amt in Rs)	Number of Borrowers						Total	%
		PSBs	%	OPSBs	%	NGPSB	%		
1.	Upto 2,00,000	6	1.85	11	9.09	0	0	17	3.2
2.	2,00,001-4,00,000	62	19.14	48	39.6	26	30.2	136	25.6
3.	4,00,001-6,00,000	87	26.85	21	17.3	22	25.5	130	24.4
4.	6,00,001-8,00,000	60	18.52	6	4.9	9	10.4	75	14.1
5.	8,00,001- 10,00,000	91	20.09	34	28.1	12	13.9	137	25.8
6.	Above 10,00,000	18	5.56	1	0.8	17	19.7	36	6.7
	Total	324	100	121	100	86	100	531	100
	Mean Value in Rs	7,10,320		5,64,880		7,59,300		6,85,110	

Source: Primary Data

Table XIII Effect of Independent Variables on the Quantum of Loan requested in Different SCBs – LMR Model

Independent Variables	Among Public Sector Banks	Among Private Sector Banks	Pooled
Demographic			
Age	-0.060*	-0.069*	-0.082*
Gender	-0.777	-0.208	-0.815*
Social			
Marital Status	3.028*	1.671	3.242*
Education	-0.282	0.550*	0.102
Occupation	-0.418	0.690	-0.105
Family Size	0.346*	0.003	0.262*
Social Participation	0.452	-0.899*	-0.177
Contact with Change Agents	0.604*	-0.242	0.389*
Knowledge on Social Issues	0.474	1.603*	1.130*
Value Orientation	-0.174	0.479	0.058
Economic			
Family Income	2.103E-5*	0.453	1.866*
Savings	-6.679E-6*	2.033*	-0.078
No. of Earning Members	1.061*	0.903	0.445
Assets	1.178E-7*	0.011*	0.010*
Other Debts	-1.668E-6	-0.435*	-0.149
Constant	4.713	0.337	4.746
R²	0.622	0.749	0.649
N	324	207	531

*Significant at 0.05 level. Source: Primary Data

Table XIV Quantum of Loan Availed

S.No	Bank Category Loan (Amt in Rs)	Number of Borrowers						Tot	%
		PSBs	%	OPSBs	%	NGPSBs	%		
1.	Upto 2 Llakhs	8	2.47	27	22.31	2	2.33	37	6.97
2.	2 - 4 Lakhs	102	31.48	53	43.80	31	36.05	186	35.0
3.	4 – 6 Lakhs	65	20.06	2	1.65	19	22.09	86	16.2
4.	6 – 8 Lakhs	59	18.21	31	25.62	11	12.79	101	19.0
5.	8 -10 Lakhs	77	23.77	7	5.79	10	11.63	94	17.7
6.	Above 10 Lakhs	13	4.01	1	0.83	13	15.12	27	5.08
	Total	324	100	121	100	86	100	531	100
	Mean value (Rs in Lakhs)	6.25		4.58		6.72		5.94	

Source: Primary Data

Table XV Difference between Loan Requested and Loan Availed

S.No	Bank Category Difference (Amt in Rs)	Number of Borrowers						Total	%
		PSBs	%	OPSBs	%	NGPSB	%		
1.	Nil	107	33.0	19	15.70	32	37.21	158	29.7
2.	Less than 1 lakh	65	20.0	21	17.36	22	25.58	108	20.3
3.	1,00,000 – 1,50,000	95	29.3	45	37.19	13	15.12	152	28.6
4.	1,50,001-2,00,000	44	13.5	35	28.93	15	17.44	94	17.7
5.	Above 2,00,001	13	4.01	1	0.83	1	4.65	18	3.39
	Total	324	100	121	100	86	100	531	100
	Mean value	1.21		1.27		1.22		1.23	

Source: Primary Data

Table XVI Reasons for the Deviation from the Quantum of Loan Requested – One Way ANOVA

S.No	Factors	Mean Scores among the borrowers			F- Statistics
		PSBs	OPSBs	NGPSBs	
1.	Lack of Income Proof	2.9816	2.4118	2.4630	0.028
2.	Under Valuation of the Property Purchased	3.7143	3.0471	3.4444	0.970
3.	Lack of Communication Skills	3.3226	3.0784	3.0926	1.510
4.	Attitude and Skill of Managers	2.4378	3.7784	3.4814	3.490*
5.	Lack of Influence	2.5530	2.7353	2.5577	0.507

* Significant at five per cent level. Source: Primary Data

Table XVII Rate of Interest

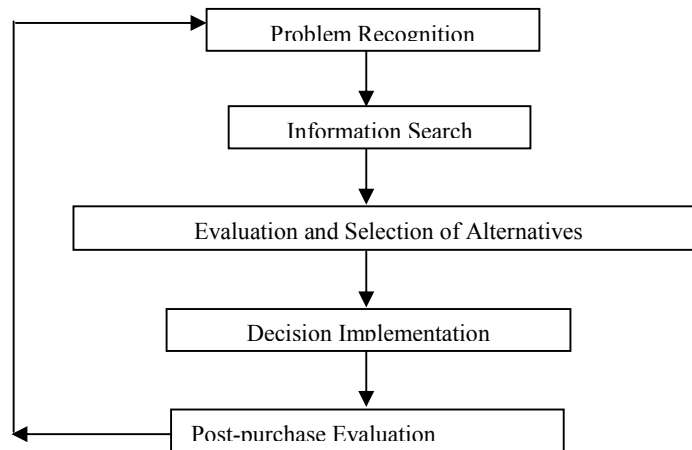
S.No	Bank category Rate of Interest	Number of Borrowers							
		PSB	%	OPSB	%	NGPSB	%	Tot	%
1.	Up to 8	62	19.14	0	0	35	40.70	97	18.27
2.	8-9	79	24.38	26	21.49	16	18.60	121	22.79
3.	9-10	87	26.85	43	35.54	9	10.47	139	26.18
4.	10-11	56	17.28	13	10.74	18	20.93	87	16.38
5.	Above 11	40	12.35	39	32.23	8	9.30	87	16.38
	Total	324	100	121	100	86	100	531	100
	Mean value (in %)	9.34		9.73		10.19		9.84	

Source: Primary Data

Table XVIII Interest Rate Option

S.No	Bank Category Interest Rate Options	Number of Borrowers							
		PSB	%	OPSB	%	NGPSB	%	Tot	%
1.	Floating	184	56.79	87	71.90	34	39.5	305	57.44
2.	Fixed	140	43.21	34	28.10	52	60.5	226	42.56
	Total	324	100	121	100	86	100	531	100

Source: Primary Data

Figure I - Five-Stage Model of the Buying Process:

Source: Kotler, Philip (2005), Marketing Management, New Delhi: Prentice Hall of India