

## A Comprehensive study of Personal Loans

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### Review of literature:

1. **According to an article in Forbes India**, which was published on 30 June 2016, HDFC Bank launched digital banking services for SMEs (Small and Medium Enterprises). The digital facility will do away with the need to call on a relationship manager or visit a branch, to transact or to get clearances.
2. **According to an article** published on 27<sup>th</sup> March 2016 by Business Standard, Mr. Aditya Puri said HDFC Bank is going Digital for Digital India, he also said the Digital services are going to be tailored for individual customers. These services include 10 sec loan, PayZApp, Smart Buy etc. which will make easier for customer to carry out daily transaction without reaching out to the bank it included Personal Loan, Business Loan, Auto Loan, etc.
3. **According to an article** published in Business Standard on 3rd July 2015, HDFC's Mobile banking will overtake Internet banking by next year. HDFC Bank launched their app for Apple Smart watch which made easier for customers to keep a track on their bank account anywhere and everywhere, they are also going to launch an app for android smart watches in future.
4. **Rakesh H M & Ramya T J. (2014)** In their research paper titled "A Study on Factors Influencing Consumer Adoption of Internet Banking in India" tried to examine the factors that influence Internet banking adoption. Using PLS, a model is successfully proved, and it is found that Internet banking is influenced by its perceived reliability, Perceived ease of use, and Perceived usefulness. In the marketing process of Internet banking services marketing experts should emphasize the benefits its adoption provides and awareness can also be improved to attract consumers' attention to Internet banking services.
5. **Ms. Nisha Malik & Mr. Chand Prakash Saini (Jul 2013)** In their research titled "Private Sector Banks Service Quality and Customer Satisfaction" An Empirical Study Two Private Sector Banks". This research paper is an effort to examine the relationship between service quality and customer satisfaction of two private sector banks of India. Service quality has been described as a form of attitude that results from the comparison of prospects with recital (Cronin and Taylor, 1992, Parasuraman et al, 1985). Greenrooms 1982) argued that customers, while evaluating the quality of service, compare the service they expect with perceptions of the services they receive. Since financial products offered by various banks are similar by nature then why any bank of product of any bank is preferred than others a matter of interest for academicians as well as banking industry. They may be difference between customers of public

and private sector banks, but why are two banks of one sector being preferred differently by customers. This research study is an effort to find out the answer to these questions.

### **Objectives:**

- To analyze the eligibility criteria and application processes for personal loans.
- To find out the most preferred personal loan system for customers.
- To study the customer opinion and perception of the digital process in the personal loan department.
- To study the major challenges while applying through internet banking.

### **Research Methodology:**

- A questionnaire was prepared to understand the customer response towards the digitalization provided by HDFC Bank in the personal loan department.
- The question was presented in a one-to-one telephone call & walk-in customer. In this context the questionnaire was a full-fledged one and was made with the intention of getting the main information as customers do not have much time to spare and a long questionnaire may irritate them. So, the questionnaire used in my research was crisp and aimed at getting the required information in the last time, Also the questionnaire was used for the primary purpose.

### **Data Type:**

#### **i Primary Data:**

The primary data was collected by means of a survey. Questionnaires were prepared and customers of the banks were approached to fill up the questionnaires on telephones. The filled-up information was later analyzed to obtain the required interpretation and findings.

#### **ii Secondary Data:**

To have a proper understanding of the services of the bank an in-depth study was done from various sources such as books, A lot of data was also collected from the Official websites of the banks and articles from various search engines like Google, answers.com

### **Data collection tools:**

1. Questionnaire
2. Observation

### Sampling Plan:

Sample Size-100

Method- Simple random sampling

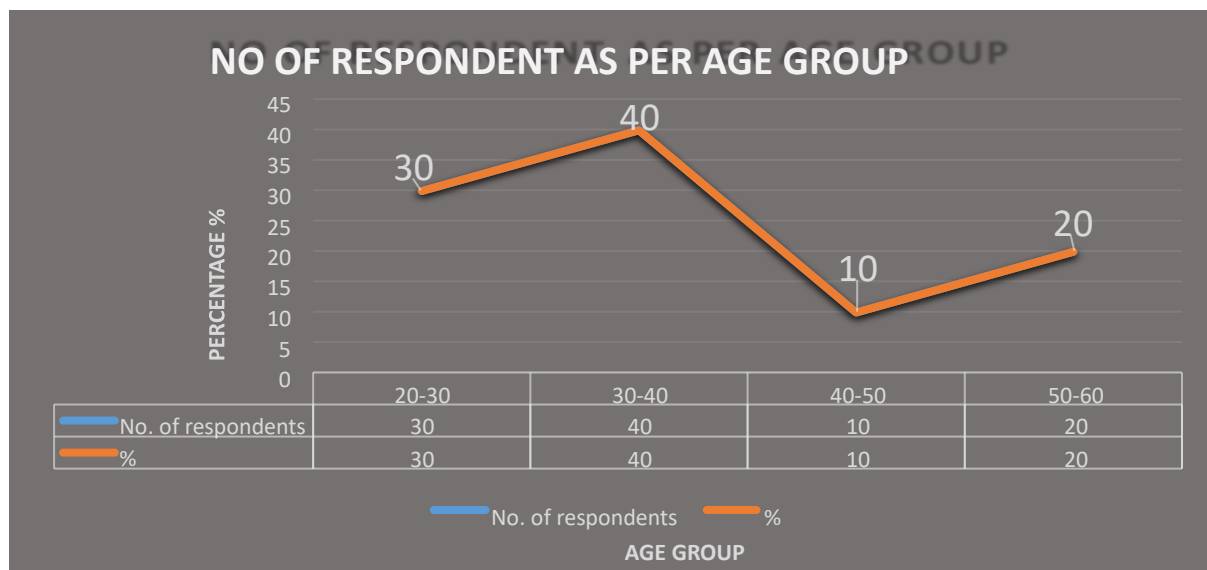
Sampling Instruments: Structured Questionnaire

Contact Method: telephonic Interviews and walk-in customers

### Data Analysis:

#### I. Age group-wise representation of Personal loan

Sr No.	Age	No. of respondents	%
1	20-30	30	30
2	30-40	40	40
3	40-50	10	10
4	50-60	20	20
	<b>Total</b>	<b>100</b>	<b>100</b>



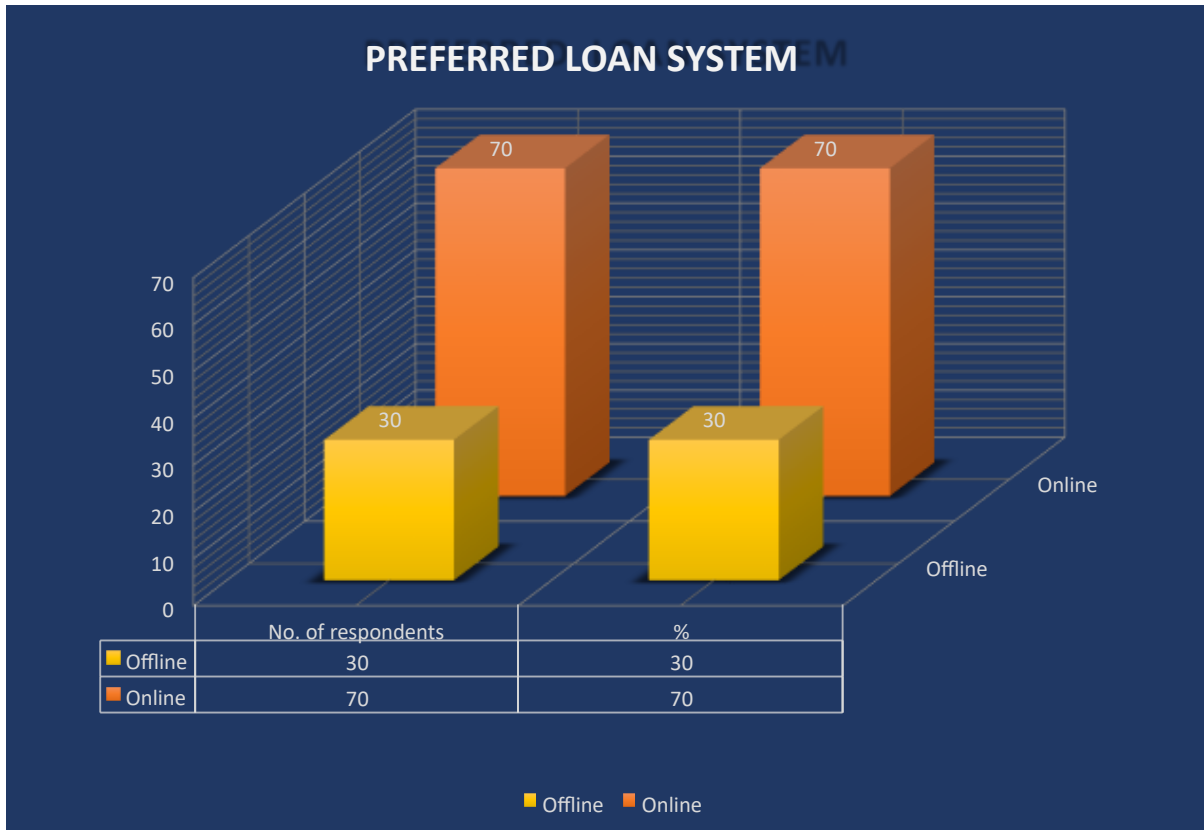
#### Interpretation:

- As per the table, 30% of respondents are from the 20-30 age group and 40% of respondents are from the 30-40 age group.
- 10% of respondents from the 40-50 age group and 50-60 age group people are 20%.

Overall, the maximum number of respondents are from the 30-40 age group.

## II. Which loan system do you prefer for applying personal loan?

Sr no.	Online/ Offline	No. of respondents	%
1	Online	70	70
2	Offline	30	30
	<b>Total</b>	<b>100</b>	<b>100</b>



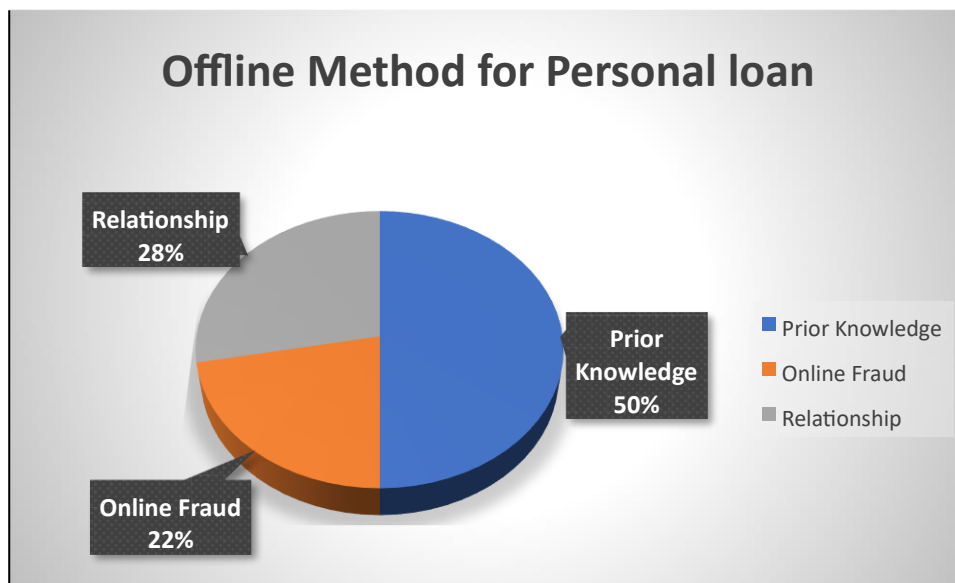
### Interpretation:

- As per the table, 70% of respondents preferred the online process of applying for a loan.
- Whereas 30% of respondents preferred the offline process of applying for a loan.
- Overall, the maximum number of respondents are online process.

### III. Why do you prefer the offline method for the personal loan process?

#### Reason for preference of offline process

Sr no.	Particulars	No. of respondents	%
1	Prior Knowledge	50	50
2	Online Fraud	22	22
3	Relationship	28	28
	<b>Total</b>	<b>100</b>	<b>100</b>



#### Interpretation:

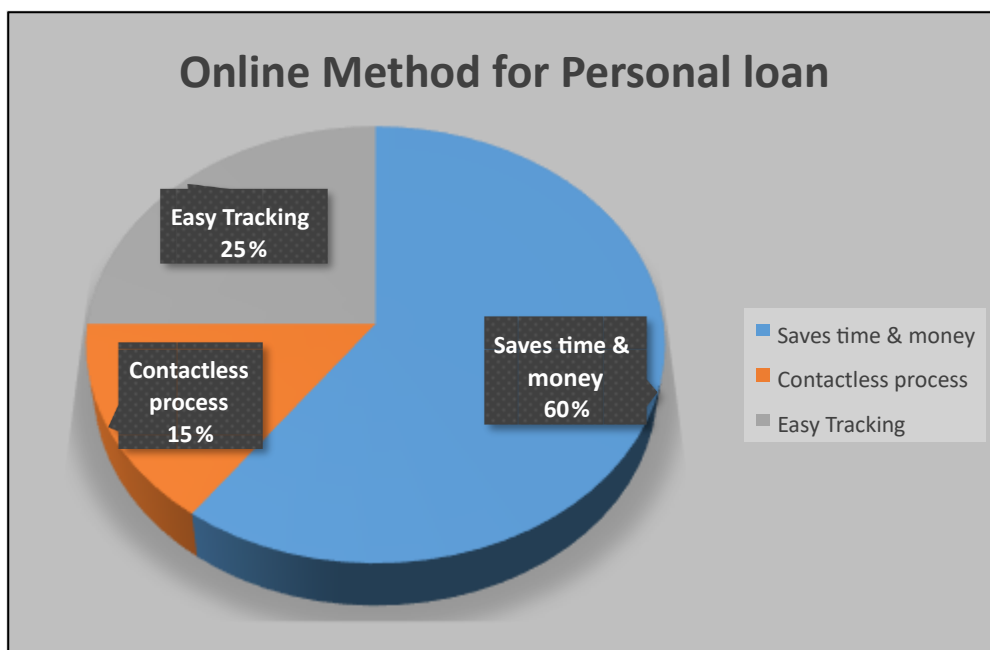
- As per the table, 50% of the respondents preferred the offline process based on prior knowledge whereas 22% stated the reason as online fraud.
- 28% stated a reason for a relationship with a bank.

Overall, the maximum number of respondents is based on prior knowledge.

#### IV. Why do you think that the online process is convenient for you?

##### Reason for convenience process

Sr. no.	Particulars	No. of Respondents	%
1	Saves time & money	60	60
2	Contactless process	15	15
3	Easy Tracking	25	25
	<b>Total</b>	<b>100</b>	<b>100</b>



##### Interpretation:

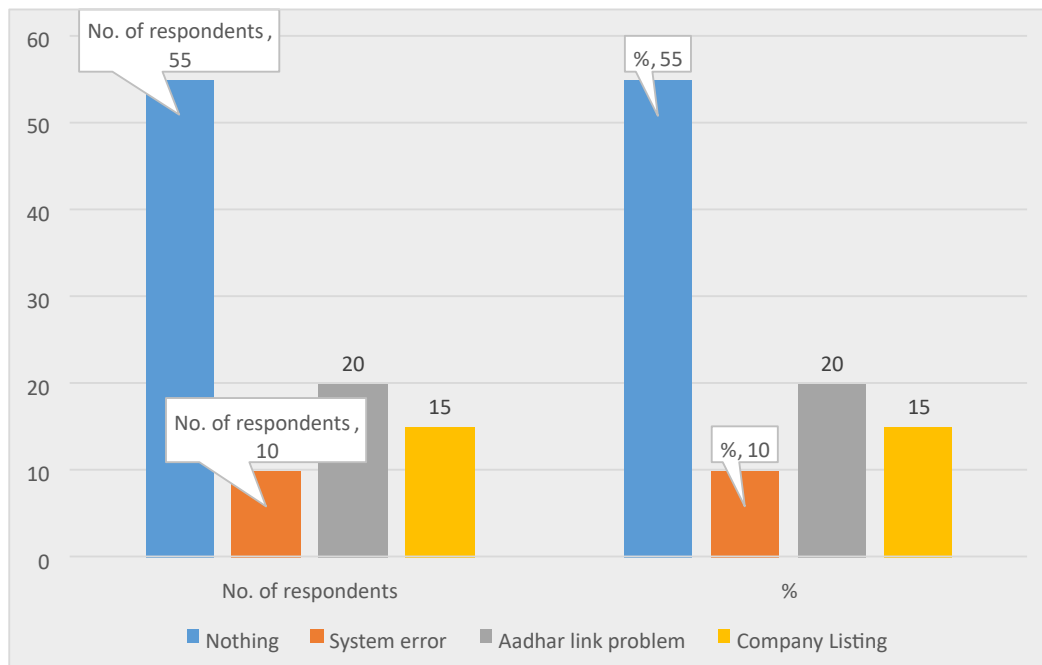
- As per the table, the reasons which are most convenient for respondents are saving time & money with 60%. And easy tracking with 25% followed by 15 % of respondents with contactless process.

Overall, this shows that the maximum number of respondents choose an online process as it saves time and money.

## V. Have you faced any challenges in the digital loan process?

### Challenges in the digital loan process

Sr. no.	Particulars	No. of respondents	%
1	Nothing	55	55
2	System error	10	10
3	Aadhar link problem	20	20
4	Company Listing	15	15
	<b>Total</b>	<b>100</b>	<b>100</b>



### Interpretation:

- As per the table, there are some respondents who are facing the digital loan process as a challenge. With 25% of the users having Aadhar link problems and 15% with company listing.

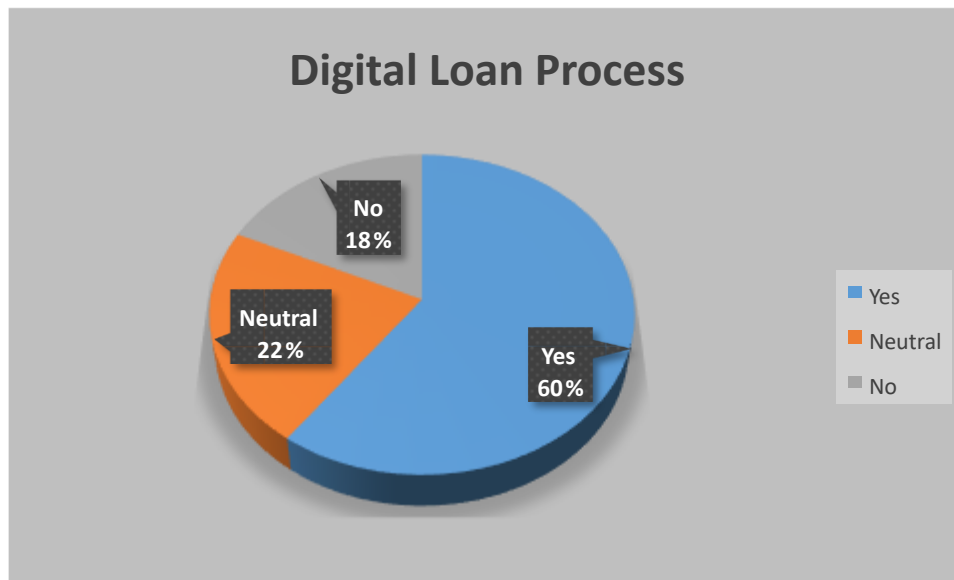
- 10% of respondents have system errors.

Overall, the maximum number of respondents do not have any challenges during the digital loan process.

## VI. Are you happy with the digital loan process?

### Respondents happiness about digital loan process

Sr no.	Particulars	No of respondents	%
1	Yes	60	60
2	Neutral	22	22
3	No	18	18
	<b>Total</b>	<b>100</b>	<b>100</b>



### Interpretation:

- As per the table, there are 60% of respondents happy with the digital loan process.
- There are 18% of the respondents not happy with the digital loan process and 22% are neutral.

Overall, maximum number of respondents are happy with the digital loan process.



## VII. Any other feedback about the personal loan process:

### Feedback about the personal loan process

Sr no.	Particulars	No. of respondents
1	Follow-up sales calls	66
2	Terms & condition (ROI perspective)	87
3	Online foreclose system	50
4	No Feedback	19

### Conclusion:

Younger (20-25) and older generations tend to avoid personal loans compared to middle-aged (50-60) individuals. This could be due to factors like financial stability, risk aversion, or lack of awareness. A significant portion of the population is not well informed about the digital loan process. This indicates a need for more education and outreach on this topic.

Many customers express concerns about online scams. Addressing these fears through robust security measures and education about safe online practices is crucial. HDFC Bank should place more emphasis on technical aspects such as system errors, online foreclose capabilities and user interface enhancements. This suggests an opportunity for improvement in these areas.

Respondents are generally satisfied with the speed of the loan approval and disbursement process. This is a positive aspect and should be maintained or improved further. 13% of customers have indicated a desire for an online foreclosure system for personal loans. This feedback highlights an area where HDFC Bank can enhance its services to meet customer needs and preferences.

In summary, HDFC Bank should focus on improving technical aspects, enhancing security measures to alleviate concerns about online scams, and considering strategies to make personal loans more appealing, possibly by exploring interest rate adjustments or additional benefits. Additionally, addressing the need for an online foreclosure system could further enhance customer satisfaction and convenience.

### **Findings:**

- Digitalization in the personal loan department saves time and money as well as it is easy to track.
- Most people take personal loans in the age group of 20 -50.
- Most people do not use digital processes because of online fraud, and they do not have prior knowledge of digital processes.
- Challenges faced by customers in digital process are system error, Aadhar linking problem.
- Some existing customers of bank who follow digital process are not happy because of some little issues like sales call, do not have online foreclose system, and interface of website.

### **Limitations:**

- HDFC Bank has big customer base. Studying each customer is not possible. So, conclusion of the research may slightly vary.
- Sometimes customers may not give proper answers to question. It also reflects in little bit variation in research.
- The digital process may lack the personal touch and guidance that a borrower might receive when visiting a physical branch. This can result in a less personalized experience, which may not be suitable for all customers, especially those who require assistance in understanding the loan terms and options.

### **Websites/Weblinks:**

- [www.moneycontrol.com](http://www.moneycontrol.com)
- [www.rbi.org.in](http://www.rbi.org.in)
- [www.ibef.org](http://www.ibef.org)
- [www.livemint.com](http://www.livemint.com)
- [www.hdfcbank.com](http://www.hdfcbank.com)
- <https://economictimes.indiatimes.com/markets/stocks/news/hdfc-bank-tata-poweramong-10-stocks-with-rsi-trending-up/articleshow/101855723.cms?from=mdr>
- <https://www.businesstoday.in/markets/company-stock/story/hdfc-hdfc-bank-mergerltimindtree-shares-may-attract-125-130-million-net-inflows-on-nifty-entry-388217-202307-05>
- <https://www.outlookindia.com/business/stocks-to-watch-on-8-august-godrej-consumertata-chemicals-hdfc-bank-others-in-news-news-308945>
- <https://www.cnbctv18.com/market/hdfc-bank-share-price-set-to-turn-the-tablesthough-gradually-emkay-says-buy-stock-target-rs-2100-17781711.htm>

**Books:**

- Marketing Research by C. Burns Alvin, Veeck Ann, F. Bush Ronald
- Marketing Research, Suja Nair
- Research Methods for social work by Allen, Earl R. Babbie, Cengage
- Marketing Management by Philip Kotler, Kenny Lane Keller