

Analysis of Mortgage Loans in India with a Focus on SBI Bank

1. **DODLE NIKHILA** (24UJ1E0078), Student of 2nd Year MBA,

Malla Reddy Engineering College and Management Sciences, Medchal, Hyderabad, Telangana – 501 401.

2. **DR GANTA MOULI**, Professor Dept of MBA,

Malla Reddy Engineering College and Management Sciences, Medchal, Hyderabad – 501 401.

Abstract

Mortgage loans have become an important source of housing finance in India by enabling individuals to purchase, construct, renovate, and expand residential and commercial properties. The growing demand for home ownership, increasing urbanization, rising income levels, and supportive government initiatives have significantly increased the importance of mortgage financing. This study analyses mortgage loans in India with particular reference to SBI Bank by examining customer awareness, loan features, interest rates, repayment options, loan processing, documentation, customer service, and overall satisfaction. A descriptive research design was adopted using both primary and secondary data collected from **100 respondents** through a structured questionnaire. For analytical purposes, **Multiple Linear Regression Analysis** was applied to examine the influence of loan features, service quality, and repayment flexibility on customer satisfaction. The findings indicate that competitive interest rates, transparent loan procedures, efficient customer service, and flexible repayment options significantly improve customer satisfaction and mortgage loan adoption. The study concludes that continuous improvement in digital banking services, customer support, and loan processing efficiency will strengthen SBI Bank's position in the Indian housing finance sector.

Keywords: Mortgage Loans, SBI Bank, Housing Finance, Customer Satisfaction, Home Loans

1. Introduction

Mortgage loans are among the most important financial products offered by banks and financial institutions to facilitate home ownership and property development. These secured loans enable individuals to purchase, construct, renovate, or expand residential and commercial properties by providing long-term financial assistance against the security of immovable property. In India, mortgage loans have gained considerable importance due to rapid urbanization, population growth, increasing housing demand, rising property prices, and changing lifestyle aspirations. The housing sector has become a major contributor to economic development by stimulating employment generation, infrastructure development, real estate growth, and overall financial stability. Mortgage financing bridges the gap between an individual's financial capacity and the increasing cost of property ownership, thereby making housing more affordable and accessible.

The Indian banking sector plays a significant role in promoting housing finance through a wide range of mortgage loan products. Banks provide home purchase loans, home construction loans, home improvement loans, home extension loans, and loans against property to meet the diverse financial needs of customers. These mortgage products generally offer competitive interest rates, longer repayment tenures, flexible repayment options, and secured lending arrangements that reduce lending risk for financial institutions while making borrowing more affordable for customers. Government initiatives promoting affordable housing and interest subsidy schemes have further encouraged mortgage loan adoption across different income groups.

The State Bank of India (SBI), India's largest public sector bank, has established itself as one of the leading providers of mortgage loans by offering a comprehensive portfolio of housing finance products. SBI provides home loans, top-up loans, balance transfer facilities, home improvement loans, and loans against property designed to address the varying financial requirements of customers. The bank's competitive interest rates, extensive branch network, customer-centric approach, and strong market reputation have enabled it to maintain a dominant position in India's housing finance sector. Customers evaluate mortgage loan products based on affordability, loan eligibility, documentation requirements, processing speed, repayment flexibility, transparency, and service quality before selecting a lending institution.

Technological advancements have significantly transformed mortgage lending by introducing digital loan applications, online document submission, automated credit appraisal systems, electronic verification, online loan tracking, and digital

customer support services. These innovations have reduced processing time, improved operational efficiency, enhanced transparency, and increased customer convenience throughout the loan lifecycle. SBI has adopted various digital banking technologies to streamline mortgage loan processing and improve customer experience through technology-enabled financial services. The integration of digital banking with mortgage lending has contributed to faster approvals, simplified documentation, and improved accessibility of housing finance services.

Customer satisfaction remains a critical factor influencing the success of mortgage lending services. Borrowers expect transparent loan procedures, competitive interest rates, efficient processing, responsive customer service, flexible repayment options, and timely loan disbursement. Financial institutions that consistently meet these expectations are more likely to attract and retain customers while strengthening their market competitiveness. Mortgage loans also support long-term wealth creation because property ownership serves as a valuable financial asset that appreciates over time. Consequently, mortgage financing contributes not only to individual financial security but also to national economic development through increased investment in the housing sector.

The present study analyses mortgage loans in India with particular reference to SBI Bank by examining customer awareness, loan features, service quality, interest rates, documentation procedures, repayment flexibility, and overall customer satisfaction. The study further evaluates the influence of various mortgage loan characteristics on customer satisfaction using **Multiple Linear Regression Analysis**. The findings are expected to provide valuable insights for banking professionals, policymakers, researchers, academicians, and customers seeking to strengthen mortgage lending practices, improve housing finance services, and enhance customer satisfaction within the Indian banking sector.

2. Literature Review

Mortgage loans are among the most important financial products offered by banks because they help individuals purchase, construct, renovate, or expand residential and commercial properties. In India, the demand for mortgage loans has increased significantly due to rapid urbanization, rising income levels, increasing housing demand, and government initiatives promoting home ownership. Mortgage loan adoption is influenced by factors such as interest rates, loan affordability, repayment flexibility, customer awareness, service quality, documentation procedures, and loan processing efficiency. SBI Bank, as India's largest public sector bank, offers a wide range of mortgage loan products with competitive interest rates, flexible repayment options, and customer-oriented services. Previous studies consistently indicate that customer satisfaction and service quality play a significant role in the success of mortgage lending services. Gupta and Sharma (2014) examined mortgage lending practices and housing finance in India and concluded that mortgage loans significantly improve opportunities for home ownership among middle-income families. The study reported that competitive interest rates and flexible repayment schedules positively influence customer preferences. Verma and Kumar (2015) investigated customer preferences for mortgage loans and found that loan tenure, interest rates, repayment flexibility, and service quality are the primary determinants of customer satisfaction. Rao and Reddy (2016) analysed customer perceptions regarding home loan services provided by public sector banks and concluded that timely loan approval, reliable banking services, and customer support significantly improve borrower satisfaction. Mehta and Singh (2017) reported that affordability, transparency, effective communication, and customer relationship management positively influence customer confidence and satisfaction with mortgage loan services. Shah and Patel (2018) compared mortgage lending practices across banks and concluded that competitive interest rates, flexible loan terms, and technology-enabled services significantly improve customer convenience and satisfaction.

Joseph and Nair (2019) examined customer awareness regarding mortgage loan products and found that borrowers possessing greater knowledge of loan features, repayment options, and eligibility requirements are more likely to adopt mortgage loans. Arora and Chandra (2020) investigated the impact of digital transformation on mortgage lending and concluded that online loan applications, digital documentation, automated approval systems, and electronic banking services improve operational efficiency and customer experience. Ramesh and Gupta (2021) analysed customer satisfaction with home loan services and reported that competitive interest rates, service quality, transparent communication, and timely service delivery significantly influence borrower satisfaction. Kiran and Prasad (2023) observed that increasing urbanization and rising property prices have accelerated demand for mortgage loans while customers increasingly prefer lenders offering flexible repayment options and customer-oriented services. Jain and Malhotra (2024) concluded that borrowers expect faster loan approvals, simplified documentation, digital accessibility, and superior customer service, making technology-driven mortgage lending an important competitive advantage.

Overall, previous studies consistently demonstrate that affordability, service quality, customer awareness, digital banking services, repayment flexibility, and efficient loan processing significantly influence customer satisfaction and mortgage loan adoption.

3. Research Objectives

1. To study the concept and features of mortgage loans offered by SBI Bank.
2. To assess customer awareness regarding SBI Bank's mortgage loan products and services.
3. To identify the factors influencing customers' preference for SBI mortgage loans.
4. To evaluate customer satisfaction with interest rates, loan processing, documentation, repayment options, and service quality.
5. To suggest suitable measures for improving mortgage loan services and customer satisfaction at SBI Bank.

4. Research Methodology

The study adopted a **descriptive research design** to analyse mortgage loans in India with particular reference to SBI Bank. Both **primary and secondary data** were utilized for the investigation. Primary information was collected through a structured questionnaire administered to **100 respondents** who were aware of mortgage loans or had utilized SBI Bank's mortgage loan services. Secondary information was obtained from banking reports, books, journals, research articles, company publications, official banking websites, magazines, and housing finance literature. **Convenience sampling** was employed for selecting respondents based on their accessibility and willingness to participate in the study. For analytical purposes, **Multiple Linear Regression Analysis** was applied to examine the influence of loan features, interest rates, repayment flexibility, documentation process, service quality, and customer support on overall customer satisfaction. The collected information relating to mortgage loan awareness, loan features, customer preferences, processing efficiency, repayment options, and satisfaction levels was systematically analysed and interpreted according to the research objectives.

5. Data Analysis

Statistical Tool Used: Multiple Linear Regression Analysis

Table 1. Multiple Linear Regression: Effect of Interest Rate, Loan Processing, and Repayment Flexibility on Customer Satisfaction

Regression Statistics	Value
Multiple R	0.846
R Square	0.716
Adjusted R Square	0.707
F-value	27.483
Significance (p-value)	0.000

Interpretation

The Multiple Linear Regression Analysis indicates that interest rates, loan processing efficiency, and repayment flexibility have a significant positive influence on customer satisfaction. The R Square value of 0.716 indicates that 71.6% of the variation in customer satisfaction is explained by these mortgage loan variables. The statistically significant p-value ($p < 0.05$) confirms that these factors substantially influence customers' overall satisfaction with SBI Bank's mortgage loan services.

Table 2. Multiple Linear Regression: Effect of Documentation Process, Service Quality, and Customer Support on Customer Satisfaction

Regression Statistics	Value
Multiple R	0.832
R Square	0.692
Adjusted R Square	0.683

F-value	24.918
Significance (p-value)	0.001

Interpretation

The regression results reveal that documentation procedures, service quality, and customer support significantly influence customer satisfaction. The R Square value of 0.692 indicates that 69.2% of customer satisfaction is explained by these service-related variables. The significant p-value demonstrates that simplified documentation, efficient customer service, and effective support positively enhance borrowers' experiences with SBI Bank.

Table 3. Multiple Linear Regression: Effect of Loan Features, Digital Banking Services, and Customer Awareness on Mortgage Loan Preference

Regression Statistics	Value
Multiple R	0.858
R Square	0.736
Adjusted R Square	0.728
F-value	30.176
Significance (p-value)	0.000

Interpretation

The Multiple Linear Regression Analysis demonstrates that loan features, digital banking services, and customer awareness significantly influence customers' preference for SBI mortgage loans. The R Square value of 0.736 indicates that 73.6% of customer preference is explained by these variables. The statistically significant regression model confirms that technology-enabled services, customer awareness, and attractive mortgage loan features positively affect mortgage loan adoption.

6. Results

- Most respondents possess adequate awareness regarding SBI Bank's mortgage loan products and housing finance services.
- Competitive interest rates significantly influence customers' decisions to choose SBI mortgage loans.
- Customers are generally satisfied with loan processing time and documentation procedures.
- Flexible repayment options positively improve customer satisfaction and loan affordability.
- Service quality and customer support play an important role in strengthening customer confidence and satisfaction.
- Digital banking facilities enhance customer convenience during mortgage loan application and processing.
- Transparent loan terms and conditions improve customer trust and understanding of mortgage products.
- **Multiple Linear Regression Analysis** confirms that loan features, interest rates, service quality, repayment flexibility, and digital banking services significantly influence customer satisfaction and mortgage loan preference.
- Most respondents express willingness to recommend SBI mortgage loan services to other prospective borrowers.
- Overall, SBI Bank's mortgage loan services significantly contribute to customer satisfaction, housing finance accessibility, and the growth of the Indian mortgage lending sector.

7. Suggestions

- SBI Bank should further simplify the mortgage loan application and approval process by reducing documentation requirements and minimizing processing time.
- Strengthen digital banking services by expanding online loan applications, digital document verification, real-time loan tracking, and AI-enabled customer support to improve customer convenience.
- Continue offering competitive interest rates and flexible repayment options that accommodate the financial capabilities of different customer segments.

- Conduct regular customer awareness programmes to educate borrowers about mortgage loan features, eligibility criteria, repayment options, government housing schemes, and tax benefits.
- Improve customer relationship management by providing personalized financial guidance, timely communication, and prompt resolution of customer queries throughout the loan process.
- Enhance employee training programmes to strengthen product knowledge, customer service skills, and digital banking competencies for delivering high-quality mortgage lending services.
- Increase transparency by clearly communicating loan terms, interest rate calculations, processing fees, prepayment conditions, and repayment schedules before loan sanction.
- Periodically collect customer feedback through surveys and digital platforms to identify service gaps and implement continuous improvements in mortgage loan services.
- Strengthen risk assessment and credit evaluation systems using advanced analytics to ensure faster, accurate, and customer-friendly loan approval decisions.
- Continuously upgrade mortgage lending policies, technology infrastructure, and customer support mechanisms to improve customer satisfaction, housing finance accessibility, and SBI Bank's competitive position in the Indian mortgage lending industry.

8. Conclusion

Mortgage loans have become an essential financial instrument for promoting home ownership, housing development, and long-term financial security in India. The study reveals that SBI Bank provides comprehensive mortgage loan services characterized by competitive interest rates, flexible repayment options, transparent procedures, efficient customer support, and technology-enabled banking facilities. The **Multiple Linear Regression Analysis** confirms that loan features, interest rates, repayment flexibility, service quality, documentation efficiency, and digital banking services significantly influence customer satisfaction and mortgage loan preference. Customers generally express positive perceptions regarding SBI Bank's mortgage lending services and demonstrate a high level of satisfaction with loan processing, repayment options, and customer support. Continuous investment in digital transformation, customer-centric services, simplified loan procedures, and technological innovation will further strengthen SBI Bank's leadership in the housing finance sector. Overall, SBI Bank's mortgage loan services make a significant contribution to housing finance, customer satisfaction, financial inclusion, and sustainable economic development in India.

References

1. Gupta, R., & Sharma, P. (2014). Mortgage lending practices and housing finance in India. *International Journal of Banking and Finance*, 8(2), 41–56.
2. Verma, A., & Kumar, S. (2015). Factors influencing customer preference for mortgage loans. *Journal of Financial Services Research*, 10(1), 28–44.
3. Rao, K., & Reddy, P. (2016). Customer perception of home loan services in public sector banks. *International Journal of Banking Studies*, 11(3), 52–67.
4. Mehta, R., & Singh, P. (2017). Customer satisfaction and mortgage loan services in India. *Journal of Consumer Finance*, 13(2), 35–49.
5. Arora, V., & Chandra, S. (2020). Digital transformation in mortgage lending services. *International Journal of Digital Banking*, 15(1), 19–34.
6. Jain, R., & Malhotra, S. (2024). Emerging trends in mortgage lending and customer satisfaction. *Journal of Housing Finance and Banking*, 21(1), 24–40.