Assessment of Borrower's Perception Towards Home Loan in Urban Areas of Bangladesh

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Abstract
Housing is an emerging and fast-growing market in Bangladesh. To ensure a proper shelter, financing is necessary and citizens are borrowing from formal financial institutions to construct or purchase a house. The portfolio of home loans is thriving where most of the home loan borrowers are from urban areas of Bangladesh. The main purpose of this study was to understand the borrower's perception towards home loans by assessing the key factors which affect the decision of borrowing home loans from a formal lender. For this study, an extensive review of the literature was performed to identify the variables that affect the perception of borrowers towards home loan. For multivariate regression analysis, a total number of 28 success variables were identified and categorized into independent variables related to five depended variables as institution wise criteria, financial benefit, disbursement process repayment suitability and quality of service. A sample survey was conducted for this exploratory research from 232 respondents in 20 selected urban areas of Bangladesh. Rate of interest is the most influential attribute for borrowing a home loan. As the home loan market is an extensive sector and almost every financial institution is investing in this sector, a discerning and broad study is needed. Though this study was based on a small sample size and has limitations. but this study is crucial for the stakeholders in the home loan sector for assessing the borrower's perception specially in urban areas of Bangladesh.

Keywords: *Home Loan, Housing Finance, Urbanization, Multivariate Regression Analysis, Housing Sector.*

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I.   Introduction

Home or House is one of the basic necessities that human needs. From the beginning, home is a prerequisite for building human civilization, it provides not only shelter but also is an asset to a person. After food and clothing, shelter is the most critical necessity of human beings. Proper housing is the basic requirement for human development and welfare. The housing sector is recognized as a key sector of the national economy that measures the standard of living and economic condition of a country and this sector contributes a major share of the country's Gross Domestic Product(GDP). To own a proper house is a symbol of social prestige and an indicator of social status in most countries specially third-world countries. It also provides aesthetic contentment, emotional and mental satisfaction, comfort and safety to an individual.

There are two types of housing development systems- formal and informal. The formal housing development systems have the legal basis of the housing planning authority and are developed within the structure and formulation of government rules and regulations. On the other hand, informal housing consists of disorganized settlement due to the unaffordability of proper housing and causing low-standard improper housing.

To cater for the formal proper housing facilities, financing is needed for constructing or purchasing a house. The financing is available for the purchase of a fully constructed, partially constructed or aged house, the construction of a new house, purchase of a plot of land, buying an individual apartment with a share of the land and for repairing, renovating or extending an existing house.

To own a house, an individual has to finance it. The majority has financed for constructing or purchasing a house in a non-institutional way, where the financing sources are mainly personal savings and debt from friends, family or acquaintances. Institutional housing finance or formal home loan is provided to clients who need equity of money to construct, reconstruct, develop or purchase a home.

In Bangladesh, housing is considered a basic necessity in the constitution. The housing sector in Bangladesh plays a very important role in country's economic growth. A proper house plays a significant role in the socio-psychological development of citizens as well as society. The housing sector is a fast-growing sector in Bangladesh. The population of this country is rapidly increasing at a rate of 1.37% [1]. Due to the mega

development projects and communication development, a large number of people are migrating to urban areas. In 2011, the population living in rural areas was 76.74% and the urban population was 23.33%. In 2022, the scenario has changed where the urban and rural populations are respectively 31.49% and 68.46%. We can see that the urban population has increased by 8.16%, on the other hand,the rural population has decreased by 8.28% in a decade [2]. But the urban area is only 10% of the country's total area [1]. The real estate sector has concentrated in the urban areas of Bangladesh. The real estate sector of Bangladesh is one of the fastest growing sectors contributing 9.62% at the current price and 8.10% at constant prices with a growth rate of 3.66% to the country's GDP with a size of 335147.1 crore BDT in the Financial Year of 2021-2022 [1].

The housing finance scenario in Bangladesh is promising and growing by the day. With increasing demand, financing for proper housing is considered a good investment to lender financial institutions. Many financial institutions in Bangladesh are investing in the home loan sector. The home loan portfolio is 971.8 billion BDT for the Financial year of 2021-22[3]. The authorized home loan providers are segmented as State-owned commercial banks, privatized commercial banks, and Non-Bank Financial Institutions including specialized home loan and Microfinance institutions. The major market share of home loans in Bangladesh is invested by privatized commercial banks (PCBs) [3]. To borrow an institutional home loan from these lender financial institutions, the first factor that borrowers consider is the rate of interest which may vary according to lender financial institutions. The minimum term of a home loan is generally 5 years, while the maximum duration is 30 years. A home loan can be availed either individually or jointly. Some lender institutions provide home loans for both residential and commercial building construction. The highest amount of loan sanctioned or the ceiling varies from lender to lender and it is generally around 2 crore BDT. The borrowers must invest a portion of the total money needed for constructing or purchasing a house. Most of the lender financial institutions are concentrated on investing in Dhaka and Chattogram City, divisional big cities and major urban areas. Nowadays purchasing individual apartments of various sizes is getting popular and most lenders are interested in investing in an apartment purchase loan. The documentation process is very crucial to borrow a home loan. The original deed of ownership of the mortgaged property needs to be provided to lending institutions as a pledge. If the borrower is unable to pay the repayment amount, the lender financial institution preserves the right to claim the property. So, investing in the home loan sector is a secure and sustainable sector and as an emerging market, it is growing very fast. The perception of the borrowers is playing an important role as it is now a very competitive market.

II.   Objectives of the study

The primary aim of this research is to Assess the perception of borrowers towards home loans in urban areas in Bangladesh. There are some other objectives of this study are as follows:
1) To assess the attributes which customers preferbefore borrowing a home loan.
2) To identify the relationship between those attributes which affect the decision for borrowinga home loan.
3) To assess the demand of the customer while borrowing a home loan in urban areas.
4) To identify the problems faced by the borrowers in the procedure of borrowing a home loan in urban areas of Bangladesh.

III.   Scopes of the study

Investing in the housing sector is a secure and sustainable investment compare to other sectors for investing due to the long-term payback period and the mortgage value which is usually higher than the lending money. So almost all of the banks and non-bank financial institutions both state-owned and private are providing home loans. The competition for investing in the home loan sector is increasing by the day.To access and survive in the home loan market of Bangladesh which has a growing economy, the perception of borrowers needs to be considered. The attributes influencing the perception and perspective of choosing a home loan provider entity for borrowing an amount of money are very essential to be identified and analyzed. In addition, most of the home loans are being disbursed into the urban areas of Bangladesh due to the fast internal urban migration for population growth and infrastructural development and also the new dimension of transportation. This study can be helpful to assess the borrower's perception in fast-growing urban areas like the metropolitan areas and district sadar. This study can be used for making home loan disbursement policies for investor entities and the betterment of their services to borrowers.

IV.   Literature Review

John Mylonakis (2007) concluded that the important influential factors emerge, such as the various offers of banks, the bank's reputation, existing cooperation, as well as bank's staff in his study -A Research Study of Customer Preferences in the Home Loans Market: The Mortgage Experience of Greek Bank

Customers. He also said that bank branches proved to continue constituting the organization. Coincidentally all of them start with letter P – product, people and process [4].

Black et al. (2003) and Breslaw et al. (1996) described that borrowing preference exists among all applicant groups and they react towards the market conditions in a risk-averse and cost-minimizing manner [5].Clarkson et al. (1990) found that the characteristics and financial service requirements of consumers vary with age and that these differences could be used in developing marketing strategies for banking services [6].

Paul Jackson (2008) mentioned in his study he attempted to analyze overall customer satisfaction. The study pointed out that for consumers shopping for a home equity loan, closing costs and price including interest rates and fees are particularly important considerations [7].Boyd's (1994) study closes on the rate of interest charged on advances, enthusiasm on bank accounts, and notoriety. All these interests have played an essential part for customers and the money-related execution of a bank in the business sector. However, customers likewise mind other criteria, for example, the amount of agreeableness of representatives, items, online offices, paperwork and subsequently [8].

Harrison (1994), enunciated that there are four customer segments for financial services based on customer-perceived knowledge, confidence, and interest in financial maturity. Each of the four segments is distinct in terms of financial objectives exhibited, motivations for financial services, usage, and attitude and behaviour towards financial services [9].

According to Devlin (2002), choosing a home loan institution based on professional advice is the most frequently chosen criterion, closely followed by interest rates. However, differences in the importance of choice criteria concerning gender, class, income, education, ethnicity, and financial maturity are apparent [10].

Frangos et al. (2012) studied the factors affecting decision to choose a bank for a loan among greek citizens. Thesurvey was carried out by administering questionnaires to the citizens of Athens. Using factor analysis variableslike satisfaction, interest rates, insurances/guarantees, instalments, general loan factors, service quality,and shop design and customer service were selected. it was then observed that interest rate followedby service quality factors Are significant variables affecting loan-taking decisions [11].Goyal and Joshi (2011) have deduced in their study on 'Social and Ethical Aspects of Banking Industry' that banks can extend themselves as a social and moral-oriented association by just dispensing credits to those social, moral and ecological concern associations [12].

V.   Methodology

To assess the perception of borrowers towards home loans we used quantitative research. Since this is exploratory research, first we have identified the factors and related variables,we made a questionnaire to collect data by sample survey procedure.

Sampling area and sampling design

The total number of existing borrowers in urban areas is difficult to obtain as loans are being sanctioned against home loan applications every day and the data is continuous. With a 95% level of confidence, the round-up sample size is 300. First, we partitioned the urban area of Bangladesh intometropolitan areas and district urban areas. There are eight metropolitan areas in Bangladesh, so we considered them all as sampling areas. Also, there are sixty-four districts in Bangladesh and we selected 12 districts from the remaining 54 districts using the quota sampling method for a dispersed and diversified scenario of the respondents from every corner of the country. A total number of 20 areas were selected for this study. A total number of 300 questionnaires were deployed to home loan borrowers of these 20 urban areas who are being selected by simple random sampling (SRS) method following the distribution of the sample mentioned in table-01. The survey procedure was conducted by personal interview, telephonic interview and mail questionnaire. After collecting and sorting the filled-up questionnaires, 232 responses are accepted finally for data analysis.

Table-01: Area Wise Sample Allocation

Category of the area	SL.	Area	No. of samples Obtained	No. of accepted samples
Metropolitan Areas	1	Dhaka	50	
	2	Chattogram	30	
	3	Sylhet	20	
	4	Khulna	20	
	5	Rajshahi	15	
	6	Barishal	15	
	7	Rangpur	15	
	8	Gazipur	10	
District urban areas	1	Mymensingh	15	
	2	Kishoreganj	10	

3	Comilla	10	
4	Patuakhali	10	
5	Jamalpur	10	
6	Dinajpur	10	
7	Jessore	10	
8	Satkhira	10	
9	Noakhali	10	
10	Faridpur	10	
11	Bogura	10	
12	Natore	10	
	Total	**300**	**232**

Data collection and analysis method

The questionnaire was designed to explore the effect of five determinants onthe perception of borrowers towards a home loan.Institution-wise criteria, financial benefit, disbursement process, repayment suitability and quality of service were the five determinants identified for influencing the borrower's perception. A total number of 28 variables were turned into the questionnaire and the respondents had to rank them using five pointsLikert scale (where, 5= Extremely influential, 4= Very influential, 3= Very influential, 2= Slightly influential, 1= Not influential).

The collected data were analyzed by multiple regression analysis methods and ANOVA table was used to determine the level of significance to test the null hypothesis. SPSS software was used for analyzing the collected data.

VI.   Findings

Demographic profile of the respondents

The demographic profile of the 232 respondents of this study has shown in table-02. From table-02 below, we obtained that majority of them were male (91%). Most of the respondents were 50-59 years old (46%) which represents the scenario of home loan borrowers in Bangladesh where most people borrow home loans at this age level. The majority of respondents were post-graduated and above (51%) and businessmen (42%) in the profession. The second most professionals identified were technical professionals (30%) who were mostly professionals from the public health, engineering or education sector. Most of the respondents had current monthly income level of 30,001-45,000 BDT(39%), followed by 15,001-30,000 BDT (25%) and 45,001-60,000 BDT (19%), which indicates the demand of home loan among middle-income people. Only 2% of respondents had a monthly income above 90,000 BDT.

Most of the mortgaged properties were located in other city corporation areas besides Dhaka and Chattogram metropolitan areas (37%). Although comparatively a big portion of mortgaged property was located in Dhaka metropolitan area (27%) as it is the capital and has more population than any other urban area of Bangladesh. Most of the borrowers received an amount of 3 million to 6 million BDT (34%) as a loan and most of the respondents had loan tenure of 16-20 years (40%).

Table-02: Demographic profile of the respondents

Attributes		Frequency	Percentage
Gender	Male	211	90.95%
	Female	21	9.05%
Age (in Years)	Below 20	0	0.00%
	20-29	2	0.86%
	30-39	29	12.50%
	40-49	62	26.72%
	50-59	107	46.12%
	60 and above	32	13.79%
Level of Education	Secondary or below	7	3.02%
	Higher Secondary	12	5.17%
	Graduation	94	40.52%
	Post-Graduation and above	119	51.29%
Profession	Government Employee	14	6.03%
	Private job holder	42	18.10%
	Businessman	98	42.24%
	Technical	69	29.74%
	Others	9	3.88%
Current Monthly Income (in BDT)	Below 15000	1	0.43%
	15001-30000	57	24.57%
	30001-45000	91	39.22%
	45001-60000	45	19.40%
	60001-75000	22	9.48%

	75001-90000	11	4.74%
	Above 90000	5	2.16%
Location of the Property	Dhaka Metropolitan area	61	26.29%
	ChattogramMetropolitan area	23	9.91%
	Other City Corporation area	85	36.64%
	District Sadar area	47	20.26%
	UpazilaSadar area	11	4.74%
	Peri-urban & Growth center area	5	2.16%
Borrowed Loan amount (in BDT)	Less than 1 Million	3	1.29%
	1 million-3 million	29	12.50%
	3 million- 6 million	79	34.05%
	6 million- 9 million	66	28.45%
	9 million- 12 million	45	19.40%
	Over 12 million	10	4.31%
Payback period	below 5 years	8	3.45%
	5-10 years	25	10.78%
	11-15 years	74	31.90%
	16-20 years	93	40.09%
	More than 20 years	32	13.79%

Testing the hypothesis of borrower's perception towards various factors
Multiple regression analysis methods were used to study the borrower's perception towards home loans in urban areas of Bangladesh. The collected quantitative responses for the 28 attributes were segmented into related factors which influence the perception of the borrowers. To test the impact or effect of these five factors on borrower's perception towards home loans, we suggest the next set of null hypotheses:

H_{01}: The Institution wise criteria have significant effect on borrowers' perception towards home loan
H_{02}: The Financial benefit has significant effect on borrowers' perception towards home loan
H_{03}: The Disbursement process has significant effect on borrowers' perception towards home loan
H_{04}: The Repayment Suitability has significant effect on borrowers' perception towards home loan
H_{05}: The Quality of Service has significant effect on borrowers' perception towards home loan

Table-03: Mean rank of the attributes

Attributes	Mean	Std. Dev.	Attributes	Mean	Std. Dev.
Interest rate	4.51	0.50	Feedback to borrower	3.07	1.40
Compatibility of monthly installment	4.50	0.50	Home loan Area Coverage	3.06	1.43
Sanction time	4.01	0.82	Availability of information	3.06	1.44
Application Process	4.01	0.82	Processing fees	3.04	1.38
Repayment conditions	4.00	0.83	No of products	3.03	1.46
Requirement of documents	3.98	0.83	Loan accessibility	3.00	1.36
Service time	3.89	0.80	Reschedule facilities	2.99	1.45
Sufficiency of desired loan amount	3.88	0.82	Reputation of financial institutions	2.99	1.37
Medium of Repayment	3.66	1.09	Bureaucratic process	2.99	1.37
Cooperation from stuffs	3.42	1.10	Loan processing time	2.97	1.41
Cost benefit	3.16	1.45	Repayment period	2.92	1.44
Business performance	3.13	1.40	Group loan facilities	2.90	1.35
Branch network	3.11	1.43	Tax benefit	2.88	1.38
Disbursement steps	3.09	1.45	Incentives	2.82	1.41

To test null hypothesis H_{01}, the multivariate regression model is:
$Y_1 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon$
Institution wise criteria = $\beta_0 + \beta_1 \times$ No of products $+ \beta_2 \times$ Reputation of financial institution $+ \beta_3 \times$ Business performance $+ \beta_4 \times$ Application Process $+ \beta_5 \times$ Branch network $+ \beta_6 \times$ Home loan Area Coverage $+ \varepsilon$
$= 3.777 + (-0.283) X_1 + (0.149) X_2 + (-0.027) X_3 + (0.909) X_4 + (-0.139) X_5 + (0.143) X_6 + \varepsilon$

Table- 04: Regression Statistics

Multiple R	0.86689
R Square	0.751498
Adjusted R Square	-0.01895
Standard Error	1.138116
Observations	232

The result from table-04,Multiple R-value is 0.866 which indicates the multiple correlations between institution-wise criteria(response variable) and six predictor variables.

The coefficient of determination or R squared value 0.751 indicates that 75.1% of the variation in the institution-wise criteria can be explained by the number of products,reputation of the financial institution, business performance,application process,branch networkand home loan area coverage.

Table-05: ANOVA

	df	SS	MS	F	Significance F
Regression	6	2.20677	0.367795	0.28394429	0.044169
Residual	225	291.4441	1.295307		
Total	231	293.6509			

From table-05,it can be observed that the F ratio is 0.283 and the p-value is 0.044169 which is not greater thanthe level ofsignificance (0.05). So, the null hypothesis H_{01} is rejected and the institution-wise criteria have no significant effect on borrowers' perception towards home loans.

To test null hypothesis H_{02}, the multivariate regression model is:
$Y_2 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \varepsilon$

Financial benefit = $\beta_0 + \beta_1 \times$ Loan accessibility + $\beta_2 \times$ Interest rate + $\beta_3 \times$ Sufficiency of desired loan amount + $\beta_4 \times$ Compatibility of monthly installment + $\beta_5 \times$ Tax benefit + $\beta_6 \times$ Processing fee + + $\beta_7 \times$ Cost benefit + $\beta_8 \times$ Incentives + $\beta_9 \times$ Group loan facilities + ε

$= 5.069 + (0.085) X_1 + (0.606) X_2 + (0.081) X_3 + (0.656) X_4 + (-0.019) X_5 + (-0.068) X_6 + (0.047) X_7 + (-0.024) X_8 + (-0.005) X_9 + \varepsilon$

Table-06: Regression Statistics

Multiple R	0.835817
R Square	0.698590
Adjusted R Square	0.032151
Standard Error	0.492062
Observations	232

The result from table-06, Multiple R-value is 0.836 which indicates the multiple correlationsbetween financial benefit (response variable) and nine predictor variables.

The coefficient of determination or R squared value of 0.699 indicates that 69.9% of the variation in the financial benefit can be explained by loan accessibility, interest rate, sufficiency of desired loan amount, compatibility of monthly installment,tax benefit, processing fee, cost-benefit, incentives and group loan facilities.

Table-07: ANOVA

	df	SS	MS	F	Significance F
Regression	9	4.037087	0.448565	1.85262	0.060346
Residual	222	53.75171	0.242125		
Total	231	57.78879			

From table-07,it can be observed that the F ratio is 1.853 and the p-value is 0.060346 which is greater than the level of significance (0.05). So, the null hypothesis H_{02} is accepted and the financial benefit has significant effect on borrowers' perception towards home loans.

To test null hypothesis H_{03}, the multivariate regression model is:
$Y_3 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$

Disbursement process = $\beta_0 + \beta_1 \times$ Loan processing time + $\beta_2 \times$ Disbursement steps + $\beta_3 \times$ Disbursement Period + ε

$= 3.106 + (0.448) X_1 + (0.608) X_2 + (0.156) X_3 + \varepsilon$

Table-08: Regression Statistics

Multiple R	0.740331
R Square	0.548089
Adjusted R Square	-0.0076
Standard Error	1.374989
Observations	232

The result from table-08, Multiple R-value is 0.740 which indicates the multiple correlationsbetween the disbursement process (response variable) and three predictor variables.

The coefficient of determination or R squared value of 0.548 indicates that 54.8% of the variation in the disbursement process can be explained by loan processing time, disbursement steps and disbursement period.

Table-09: ANOVA

	df	SS	MS	F	Significance F
Regression	3	2.375561	0.791854	0.418838	0.739653
Residual	228	431.0555	1.890594		
Total	231	433.431			

From table-09 it can be observed that the F ratio is 0.419 and the p-value is 0.739653 which is greater than the level of significance (0.05). So, the null hypothesis H_{03} is accepted and the disbursement process has significant effect on borrowers' perception towards home loans.

To test null hypothesis H_{04}, the multivariate regression model is:

$Y_4 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

Repayment Suitability $= \beta_0 + \beta_1 \times$ Repayment conditions $+ \beta_2 \times$ Medium of Repayment $+ \beta_3 \times$ Repayment period $+ \beta_4 \times$ Reschedule facilities $+ \varepsilon$

$= 3.393 + (0.077) X_1 + (-0.048) X_2 + (0.209) X_3 + (0.372) X_4 + \varepsilon$

Table-10: Regression Statistics

Multiple R	0.945038
R Square	0.893097
Adjusted R Square	-0.00853
Standard Error	1.147967
Observations	232

The result from table-10, Multiple R-value is 0.945 which indicates the multiple correlations between repayment suitability (response variable) and three predictor variables.

The coefficient of determination or R squared value of 0.893 indicates that 89.3% of the variation in the repayment suitability can be explained by repayment conditions, medium of repayment, repayment period and reschedule facilities.

Table-11: ANOVA

	df	SS	MS	F	Significance F
Regression	4	2.697702	0.674426	0.51177	0.027714
Residual	227	299.1471	1.317829		
Total	231	301.8448			

From table-11, it can be observed that the F ratio is 0.512 and the p-value is 0.027714 which is not greater than the level of significance (0.05). So, the null hypothesis H_{04} is rejected and the repayment suitability has no significant effect on borrowers' perception towards home loans.

To test null hypothesis H_{05}, the multivariate regression model is:

$Y_5 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon$

Quality of Service $= \beta_0 + \beta_1 \times$ Requirement of documents $+ \beta_2 \times$ Availability to information $+ \beta_3 \times$ Cooperation from stuffs $+ \beta_4 \times$ Bureaucratic process $+ \beta_5 \times$ Service time $+ \beta_6 \times$ Feedback to borrower $+ \varepsilon$

$= 4.579 + (0.510) X_1 + (0.283) X_2 + (0.203) X_3 + (-0.032) X_4 + (0.109) X_5 + (-0.036) X_6 + \varepsilon$

Table-12: Regression Statistics

Multiple R	0.469731
R Square	0.220647
Adjusted R Square	-0.00401
Standard Error	0.812389
Observations	232

The result from table-12, Multiple R-value is 0.469 which indicates the multiple correlations between quality of service (response variable) and six predictor variables.

The coefficient of determination or R squared value 0.221 indicates that 22.1% of the variation in the quality of service can be explained by the requirement of documents, availability of information, cooperation from stuffs, bureaucratic process, service time and feedback to borrower.

Table-13: ANOVA

	df	SS	MS	F	Significance F
Regression	6	3.350313	0.558386	0.84607	0.535579
Residual	225	148.4945	0.659976		
Total	231	151.8448			

From table-13,it can be observed that the F ratio is 0.846 and the p-value is 0.535579which is greater than the level of significance (0.05). So, the null hypothesis H_{05} is accepted and the quality of servicehas significant effect on borrowers' perception towards home loans.

VII. Conclusion

In this study, we have concluded that from the five factors, only three factors have significanteffect on borrower's perception towards home loans in urban areas of Bangladesh. The factors of financial benefit, disbursement process and quality of service have significant effects on borrower's perception towards home loans. On the other hand, institution-wise criteria and repayment suitability factors have no significant effects on borrower's perception towards home loans.Among the attributes describing these factors, interest rate is the most influential attribute for borrower's perception towards home loans. It is considered as the prior attribute to consider for borrowing a home loan. The second most influential attribute is the compatibility of monthly installment followed by the time taken by the lender institution for sanctioning a loan. Application processing system by lender financial institution comes next in ranking the influential attributes affecting borrower's perception towards home loan.The requirement of documents is a very important and influential attribute since the ownership deeds as submitted documents is mandatory before sanctioning a home loan. Time provided by the stuffs of a lender institution related to loan sanctioning and solving any problems or queries in the service-providing processis another important and influential attribute. Sufficiency of the desired loan amount is also important since a borrower applies for a home loan due to his financial inability of completing the project on his finance.

In this exploratory study,we have found important factors and related attributes which affect borrower's perception towards home loans.Financial institutions who are investing in house building at urban area levels should consider the factors identified in this study and use the findings to ease their home loan process. As a fast-growing economy with a fast-growing population, financial institutionshave a wide range of customer base. Investing in the housing sector is a sustainable and secure investment.

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