

**YANGON UNIVERSITY OF ECONOMICS**  
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**INFLUENCING FACTORS TOWARDS HOME LOAN  
SERVICES OF YOMA BANK**

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# **CUSTOMER SATISFACTION TOWARDS HOME LOAN SERVICES IN YOMA BANK**

A thesis submitted as a partial fulfillment towards the requirements for the degree of  
Executive Master of Banking & Finance (EMBF)

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## **ABSTRACT**

This study focus on the influencing factors towards home loan services of YOMA Bank. The two major objectives of this study are to analyze home loan services of YOMA Bank as well as to explore the influencing factors towards home loan services of YOMA Bank. This study used a descriptive research design and the research was conducted by using primary data for which a structured questionnaire was distributed to a random sample of 150 customers from the home loan borrower of YOMA bank in Yangon. This study explore the four factors which are home loan terms and conditions, home loan services, home loan marketing and operation process that are used in the analysis influencing factors to use the home loan services of YOMA Bank.

The analysis found that influencing factors towards home loan services of YOMA Bank varies with each independent variable. Among four factors, the most influencing factor on home loan service of YOMA Bank is the service factors which include pre-sanction, post sanction, reminder for paying loans. The other factors; home loan terms and conditions factors, home loan marketing factors and home loan operation process factors which are highly influencing factors according to the customer's feedbacks. This study unfolded that these above four factors did influenced in pursuing influencing factors towards home loan services of YOMA Bank. Based on the findings in this paper, YOMA Bank should consider in changing the amount of penalty fees. The paper reveals that YOMA Bank should improve the loan terms and condition practice as well as extent marketing activities and reduce taking a time of documents examination in operation process.

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## **LIST OF ABBREVIATIONS**

CDs	Certificate of Deposit
HDFC	Housing Development Finance Corporation Limited
ICICI	Industrial Credit and Infrastructure Corporation of India
LICHFL	LIC Housing Finance Limited
PNB	Punjab National Bank
SBI	State Bank of India
SMEs	Small and Medium Enterprises

## **CHAPTER 1**

### **INTRODUCTION**

Home loan is one type of a loan. The purpose of this type of loan is to be fully repaid over the life of the loan. A home loan or house loan simply means a sum of money borrowed from a financial institution or bank to purchase a house. Home loan consists of an adjustable or fixed interest rate and terms of payment. People usually take a home loan for either buying a house/flat or a plot of land for building a house, or renovating, extending and repairing the existing house, (Peter S. Rose, 2008). The property is mortgaged to the lender as security until the loan is repaid. The bank or financial institution will retain the title of the land or mortgage until the loan is reimbursed with the interest owed. The Bank or financial institution will hold the title or deed to the property till the loan has been paid back with the interest due for it, (Peter S. Rose, 2008). The interest of home loan can be fixed or floating, or partly fixed and or partly floating, suiting the needs of the borrower (Peter S. Rose, 2008).

For most people, purchasing a house, apartment, condo or other livable property is the biggest the financial decision they will ever make, (Peter S. Rose, 2008). However, homes are expensive (at hundreds of thousands and in some cases hundreds of millions of kyat), (Peter S. Rose, 2008). Most people cannot afford to pay cash for the entire property up front, (Peter S. Rose, 2008). So they need to apply for a home loan from a bank, credit union or specialized housing finance agency for borrowers with lower income, (Peter S. Rose, 2008). Although there are many types of home loans available in the market, each home loan is typically identified by four main factors. These are principal, term, interest rate and repayment frequency (Peter S. Rose, 2008).

Home loan is more advantages compare to disadvantages. The advantages of home loan are cost-benefit way of borrowing, the best for salary individual, it is easy to get as it is approved on behalf of collateral or asset and 3 years to 25 years is the minimum and maximum loan tenure offered for home loan. There are also certain tax benefits available on their home loan under the Personal Income Tax Act, (Peter S. Rose, 2008). The disadvantages of home loan are borrower need to keep someone as grantor and tenure of loan is long period, (Peter S. Rose, 2008). If borrower becomes

defaulter for 3 months, lender may auction that penalties for borrower's default regular payment and may sue. Lender especially, the bank will be faced the credit risk that the borrower will default their payment, (Peter S. Rose, 2008). Based the truth history, in 2007, the U.S economy entered the mortgage crisis that cause panic and financial turmoil around the world. The financial markets especially volatile and the effects lasted for several years. The mortgage crisis was a result of too much borrowing and flawed financial modeling, largely based on the assumption that home prices only go up, (Peter S. Rose, 2008).

### **1.1 Rationale of the Study**

House is a basic necessity. Every one, rich or poor, whether in rural or urban areas, needs a house to protect people life and property and also to promote their well-being, (M. Sakthivel Murugan and J. Jansirani, 2017). A house is more than a shelter in the ordinary sense, just like a bird's nest, which helps to improve the generation of birds, (M. Sakthivel Murugan and J. Jansirani, 2017). Housing is therefore a fundamental requirement for human existence as well as for settlement. Housing is also accepted as a key sector of the national economy which measures the standard of living and economic conditions of a country, (M. Sakthivel Murugan and J. Jansirani, 2017).

Now a day, most development countries have advanced housing finance systems in which funds flow from people with fund surpluses to the ones that are in need of them by the aid of mortgage markets. On the other hands, despite its recognized economic and social importance, housing finance often remains under developing countries mainly due to the lack of macroeconomic stability.

In Myanmar, largest city urgently need low-cost housing options, so the project of housing development began in 2011, at the time of U Thein Sein's government. But now, the government has a new strategy for the issue, it is the Ministry of Finance and Planning which will take the lead for the initiative, and the government will contract out housing development plans, (Myanmar Time, 2017).. The government will construct an additional 300,000 housing units every five years as the program hits its first five year anniversary, (Myanmar Time, 2017). Nevertheless, they (construction) did not reach the goal in 2011 and 2016, (Myanmar Time, 2017).

Over the next 25 years, more than 2 million people will add to this growing demand for housing and basic infrastructure services, (Myanmar Time, 2017). In developing countries, where governments are at the central, the situation is particularly serious. Regional and local levels often lack the resources to adequately address this challenge, (Myanmar Time, 2017).

Government will contract out housing development plans. The government will construct an additional 300,000 housing units every five years as the programme hits its first five year anniversary. Nevertheless, they (construction) did not reach the goal in 2011 and 2016. Over the next 25 years, more than 2 million people will add to this growing demand for housing and basic infrastructure services.

Since the investment in Yangon's real estate sector is less than that of other sectors, the demand for real estate properties is getting smaller than that of rental properties, according to local real estate agents, (Myanmar Times, 2019). The real estate market is inactive since the investment in real estate sector is very slow. There is only demand which is for rental properties. The prices of the properties are not only set based on location but also the prices of the properties were quoted at around 100 million kyats but dropped by 30 or 50 percent, (Myanmar Times, 2019). Apartments worth around 50 million kyats are now around 25 million kyats and also, finished apartment do not have any buyer. Moreover, laws to protect the apartment's owners and tenants are now being prepared by stakeholders in the industry, (Myanmar Times, 2019). This law is to solve various problems between owners, tenants, buyers and contractors. There are some cases in which apartment buyers have to pay rental fees like a tenant, (Myanmar Times, 2019). When the law is enacted, the rights of buyers can be protected by law, (Myanmar Times, 2019).

Under the market-oriented economy, there has been enormous increase in the numbers of home loan offered banks in Myanmar such as CHID Bank, KBZ Bank, MAB Bank, CB Bank, AYA Bank and YOMA Bank. There have a lot of competition for home loan. It would be beneficial for these banks to understand consumer perception and factors influencing for home loan. Understanding the buyers situations are not easy task as it is very difficult to conclude what is going in consumer mind. Thus, understanding consumer perception and factors influencing, these perceptions are that to provide great business and marketing strategies and competitive advantage

to home loan and YOMA Bank for both profitability and ongoing run. In the scenario the housing finance business has become liberalized and competitive. It is found that exploring the behavior of the customers will give an insight to housing finance to maximize their customer.

YOMA Bank is one of the entities of First Myanmar Investment Group of Companies and its first branch was opened in July 1993 in front of the iconic Aung San Stadium in Yangon. YOMA Bank is one of Myanmar's largest banks by assets with 3000+ employees and 79 branches in 42 cities nationwide. YOMA Bank provides a variety of products and services across the personal banking, business banking and rural and agri banking segments. Personal banking segment provides deposits and retail loan product which includes a housing loan scheme. YOMA Bank Home Loan service launches at May'2017. In 2017-2018, YOMA Bank had already serviced about 500 residences and financing amount are about 20 Billion. In 2018, YOMA Bank was changed the loan period from 15 years to 25 years which is based upon customer needs.

## **1.2 Objectives of the Study**

The objectives of the study are as follows:

- (a) To analyze home loan services provided by YOMA Bank and
- (b) To explore the influencing factors towards home loan services of YOMA Bank

## **1.3 Scope and Methods of Study**

The scope of this study is confined to mainly the influencing factors towards home loan services of YOMA Bank in 2017-2018. This study highlights 150 (30percent) home loan borrowers from YOMA Bank in Yangon Region. The study focus on influencing factors towards home loan services of YOMA Bank. The study analyzes on demographic factors of the borrower, home loan terms and conditions, home loan service factors, home loan marketing factors and home loan operation process factors.

In this study, descriptive research method is used to meet the objectives of the study. In order to identify the determinants of the influencing factors on home loan

services of YOMA Bank, both primary and secondary data are used in this research. Borrowers of YOMA Bank in Yangon are randomly selected based on home loan to set primary data and well-designed questionnaires will be used in this study. Secondary data collected from various sources of publications, text books, journals and internet websites.

#### **1.4 Organization of the Study**

This research is divided into five chapters. Chapter one is the introductory chapter two describes rationale of the study, objectives, scope and methods of the study. It continues to present a brief description of the organization of each chapter. Chapter three describes the literature review on home loan activities. Chapter four presents the profile of YOMA Bank. Chapter five is analysis of influencing factors towards of home loan services of YOMA Bank.

This study then concludes with chapter five where summary of findings and conclusions are given.

## **CHAPTER II**

### **LITERATURE REVIEW**

In this chapter, importance of home loans, nature and characteristic of home loans, types of home loans, importance of home loan and conceptual framework of the study are discussed to analyze home loan. At the end of the chapter two, previous studies are provided.

#### **2.1 Nature and Characteristics of Home Loan**

Home Loan is defined as a sum of money borrowed from a financial institution or bank to purchase a house or to make improvement to a residential property. Home loan can be accessed from the banks and registered housing finance company. Payments were mostly made in cash in the past. These days, banks are providing home loans at a specified interest rate and 15 years of tenures for ordinary apartments and 25 years for condominiums.

Home loans have a pre-set nature that it is provided for the purchase of a property. The bank settles the payment by directly crediting to the seller's account. This is a way to ensure that the funds are used only for home purchase. It's long term commitment.

Home Loan plays a critical role as an engine of equitable economic growth by reducing poverty and preventing rapid increase of slum in economy. The demand for housing is growing rapidly every day. Therefore, the government's goal is to meet the rising demand for housing. So it is required to provide citizens with the loan for housing to achieve this aim. Housing finance has also made it possible to liberalize the economy's financial sector. Home Loan is the funds borrower typically has to borrow from a bank or other financial institutions to buy a normally secured property over the property being borrowed from the loan through a registered mortgage.

A mortgage loan is a debt owed on a home, the mortgage rate is the interest rate charged to the home owner for the use of the loan. Home loan is a wide-ranging topic, the concept of which can vary across countries, regions and countries, especially in terms of the areas it covers. For example, what is understood by the term "home loan" in a developed country may be very different from what is understood by

the term in a developing country. The International Union for Housing Finance, as a multinational networking organization, has no official position on what the best definition of housing finance is. Nonetheless, the collection of quotes below is given as a snapshot of what housing finance is covered as a topic: housing finance brings together complex and multi-sector issues influenced by constantly changing local features such as the legal environment or culture of a region, economic make-up, regulatory environment, or political system. Apart from residential mortgage financing, other relevant forms of housing finance such as developer finance, rental finance, or microfinance applied to housing are recognized.

Developer finance is often in the form of unregulated advance payments by buyers, and developers sometimes provide long-term finance to buyers through installments sales when mortgages markets are not accessible. Housing microfinance is generally used for home improvement or social housing purposes. Although the overall impact of housing microfinance remains minimal, this practice can be a significant source of funding for those in the informal sector, (Loic Chiquier and Michael Lea, 2009). However, the idea of housing finance and housing finance programs has evolved over time. Looking at mid-1980s concepts, housing finance has been interpreted primarily in terms of residential mortgage financing: the purpose of a housing finance program is to provide the funds that home buyers need to purchase their homes. This is a simple objective, and there is limited number of ways it can be achieved.

Notwithstanding this basic simplicity, in a number of countries, largely as a result of government action, very complicated housing finance systems have been developed. The essential feature of any scheme, however, must remain the ability to funnel investor funds to those who buy their homes, (Mark Boleat, 1985).

Throughout recent years, a variety of much wider meanings have emerged; basically, housing finance is what allows housing to be created and consumed. This applies to the resources we use to build and maintain the housing stock of the country. But it also refers to the money we need to pay for it, in the form of rents, mortgage loans and repayments, (Peter King, 2009).

Housing Finance is related to the provision of infrastructure and services because it has a clear connection with the volume of new stock to be constructed. As

mentioned earlier, housing finance plays an intermediate position between the economy of production demand and the housing system. Through change in policies in the capital market can be expanded so that a part of the resources flow into housing. Thus, housing finance is an important link in the potential for transforming the creation of housing and social urban investment into strips of property and benefit for the people including low income groups. Whether capital distribution affects the broader spectrum of income groups will rely on the terms and conditions inherent in housing credit design. Generally, housing requires longer term finance than the one in industry.

## **2.2 Importance of Home Loan**

According to G.S. Bhalla, 2013, many emotional requirements of the human being are fulfilled by Home. As it provides mental health, physical health, comfort and safety, home encourages good health of a person.” But sadly, it was really hard to own a dream house in the past since the price is very much higher to pay for when it compares to average person’s monthly income and yearly savings. The other thing is the amount of money had to be paid at once. But recently appearance of home loan makes people more accessible to their dream home. We can say that ‘Home loan is the bridge between their dream and their reality. There are other several reasons that why home loan play an important part in people life. The reasons are as follow:

The need for home loans arises not because property prices are steadily rising, but because home loans make great sense from a long-term savings perspective. With house prices rising, people are increasingly opting for housing loans to buy their dream home. Interest rates are coming down all the time and the banks and the housing finance companies are literally falling over each other to lure the prospective home-seekers.

Despite the tax breaks and generous loan rates, many people are still unable to arrange down-payment resources, which turns out to be at least 15% of Taking note of the situation, banks are coming up with home loan products called "zero down payment loans," where 100% funding is provided for selected properties. These lucrative offers are other big reasons for why people choose loans.

Even if one can afford to buy a home with one's own money, home loans should be used as good savings instrument.

According to industry estimates, the long term average return in investing in a home is about 20 percent per annum while the average cost of borrowing funds in the market today is about 7 percent per annum (considering all tax breaks).

Housing loans are the easiest way to benefit from tax benefits for salaried employees. To take advantage of these incentives, many people simply go for home loans.

Interest payments up to 2.0 hundred thousand on housing loans are deductible from the taxable income and there is a further deduction of taxable income maximum up to 1.5 hundred thousand against repayment of principal portion per annum. In case a person stays in a rented house, the cost of the loan will be nearly zero percent since he will be saving a decent amount on rent.

### **2.3 Types of Home Loan**

There are generally eight types of home loans which can be accessible from banks. Types of Home Loans are as follows:

#### **1. Home Purchase Loan**

These are the basic home loans to buy a new house. Such loans are issued to buy a new or already constructed flat / bungalow / row house.

#### **2. Home Improvement Loan**

These loans are provided for carrying out maintenance works and repairs in a house that the buyer has already purchased. It can be obtained for external works such as structural repairs, waterproofing or internal works such as tiling and flooring, plumbing, electrical work, painting, etc.

#### **3. Home Construction Loan**

Such loans are available for building a new home. The documentation needed by the banks to issue a home construction loan to the borrower are slightly different from the home purchase loans. Based on whether or not the lender would include the cost of the land as a portion when the buyer purchased the land, the total cost of the property would be valued.

#### **4. Home Extension Loan**

Home Extension Loans are given for expanding or extending an existing home. For example addition of an extra room, etc. The borrower must have the appropriate approvals from the local municipal corporation for this type of loan.

#### **5. Land Purchase Loan**

Land Purchase Loans are available for purchase of land for both home-building and investment purposes. Thus, this loan can be given to the customer even if the customer does not plan to build any building on it in the near future.

#### **6. Bridge Loan**

Bridge loans are intended for people who want to sell the current home and buy another one. Bridge loans help finance the new home until the old home has a buyer.

#### **7. Balance Transfer**

Balance Transfer loans help clients to repay an existing home loan and take advantage of a loan option with a lower interest rate. Customer can transfer the balance of the existing home loan to any another bank.

#### **8. Non Residential Home Loan**

This is a special home loan scheme for the non-resident who wishes to build or buy a home or land property in India. They are offered attractive housing finance plans with suitable reimbursement options by many banks in the country.

### **2.4 Previous Studies**

Many researcher revealed the important factors those have impact on customer satisfaction on bank's services although their research areas are not the same with the study. In 2012, Sangwan and Bhan explore for a comparative abalysis on home loans of public and private sector banks in India. In 2013, Rao tried to find out the comprehensive problems of H.D.F.C. and S.B.I. loan takers in Andhra Pradesh State . Also Sindhuja who is called Sureshkumar wrote his research "Study on Customer

Perception towards HDFC Limited” in the international journal of management sciences and business research. The others are Gupta, V. P. and Aggarwal, P. K. They measure the customer satisfaction in Public and Private Sector Banks in India”. In 2015, Gupta, U. and Sinha, R., analyzes on factors affecting consumer’s buying behavior towards home loans of state banks. Their findings and comments are as follows.

Sangwan and Bhan (2012) found out the satisfaction level of customers and problems faced by them in obtaining home loans. We took four commercial banks, namely H.D.F.C.Bank, Punjab National Bank (P.N.B.), Union Bank of India, and Industrial Credit and Infrastructure Corporation of India(I.C.I.C.I) Bank, in Chandigarh City for this reason. It includes two public sector banks and two private sector banks. A sample size of 200 respondents was taken by random sampling of the research methodology. They have taken both primary data as well as secondary data, in the primary data questionnaire has been used to check the satisfaction level of customers about home loans. The annual reports of RBI, commercial banks and brochures of these banks were analyzed in the secondary data. Eventually, the entire study was carried out in a systematic way to achieve accurate results. Some of the limitations faced in collecting the data were Lack of time, lack of data, non-response, reluctant attitude and illiteracy of respondents, which posed problems in carrying out the research. Also Gupta and Agarwal (2013) a comparative studied in Meerut city, India, to evaluate service quality and resultant customer satisfaction in private banks as compare to public sector ones.

Rao (2013) addressed the understanding and concerns of home loan takers in Andhra Pradesh. By taking H.D.F.C into account, the author concentrated on analysis. The paper addressed the research, patterns and development of the housing policy system in Housing finance to individuals, perception and issues of home loan takers in Andhra Pradesh state. The author concluded by stating that the Housing Finance in India faced a number of set-back in decades but the designing of a shelter policy, the organization of the housing finance market, the introduction of fiscal incentives have brought about a number of changes in the housing finance. The services and product innovations are the key tools for success.

Kumaraswami and Nayan (2014) discussed about the importance of housing finance and the institutions providing housing finance. A detailed discussion of the marketing strategies adopted by funding institutions was discussed taking into account the eligibility criteria, loan amount, interest rate, protection, tenure of loans. Finally the paper highlights the performance of the housing sector, major findings and suggestions to improve the effective marketing of housing finance for both public and private sector banks.

Gupta and Sinha (2015) examined on the respondent regarding the purchase of home loan and low rate of interest, easy accessibility, status/ reputation of the institution and scheme offered by the company are the major factors for selection of the housing finance institution comparative study on Factors Affecting consumer's Buying Behavior towards Home Loan (with special reference to S.B.I. and L.I.C.H.F.L.)” and found that fixed rate of interest is most preferred option by the customers.

Sindhuja..J (2013) focused on studying the customers' perception towards HDFC limited. The study is based on descriptive research and followed a convenience sampling technique with sample size of 150. Findings reveal that the customers' perspective the overall services of the employees to be very good on an average. Customers overwhelmingly agree that the operation, goods and processes of the people are successful. Sindhuja found the major factors in his research that influence customers in housing finance company are competitive interest rate, flexible repayment system and prepayment penalty which if focused by HDFC which will attract new customers and maintain loyal customers on a long-term basis. Awareness about the home loan products can be created through display boards within the office and newspaper inserts.

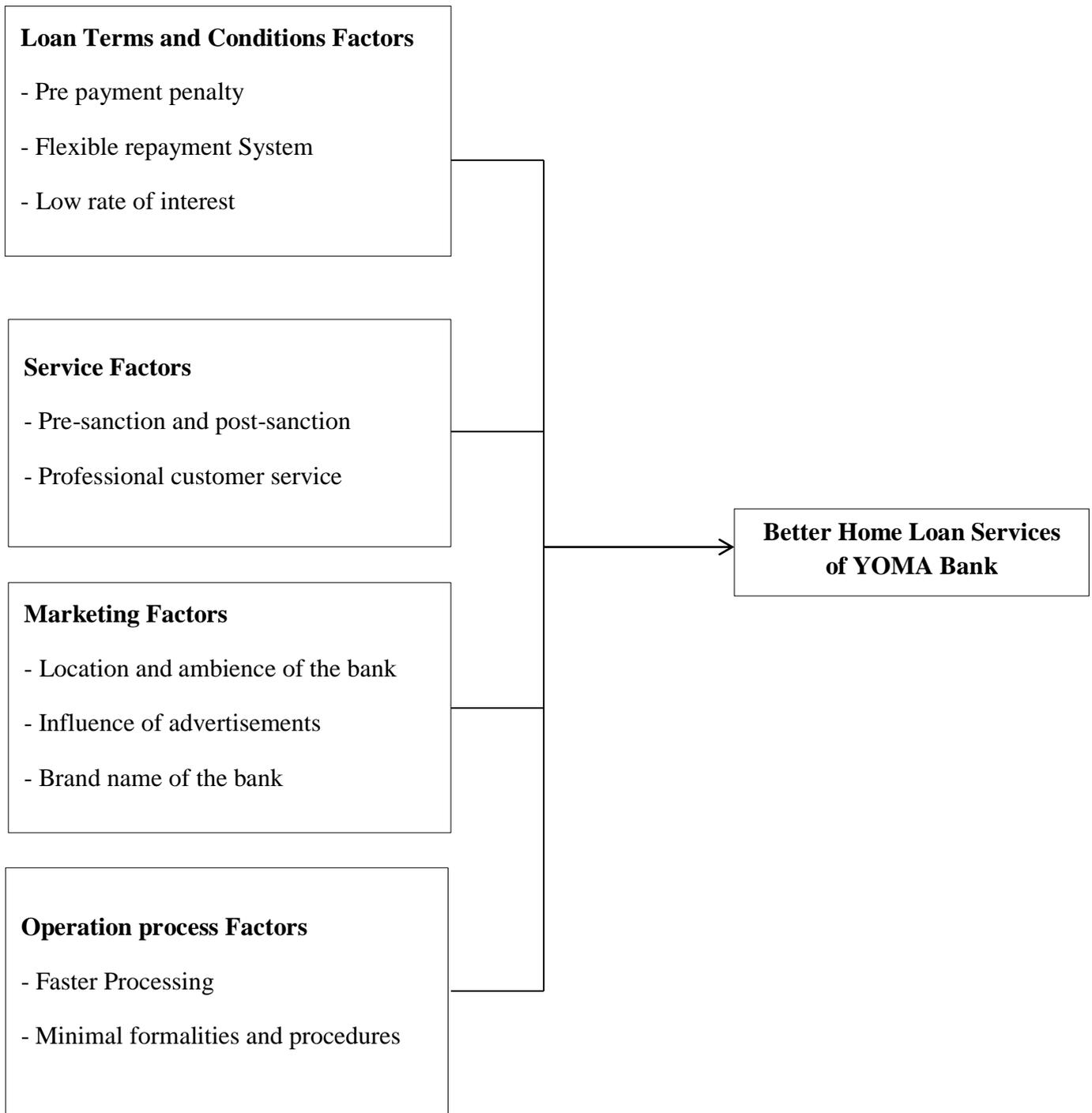
#### **2.4 Conceptual Framework of the Study**

Customer's feedback plays vital role to identify the fundamental importance and potentially offers a broad range of benefits for organizations. Customer perceptions and feedbacks can vary on the degree of how much process and activities can fulfill their needs and desires to what extent. These process and activities become the factors which could influence their satisfaction. “Consumer perception is

important to businesses since it can influence consumer behavior, which ultimately affects the profitability of a business factors and their perception can also be influenced by a variety of factors.” said Sindhuja (2013). In his study, he found out that customers’ behavior and perception vary based on loan terms and conditions, service factors, marketing factors, operation process factors and demographic factors. By adopting his findings and conceptual framework, this paper found out these factors is actually influencing factors towards home loan services of YOMA Bank.

Factors that can affect the quality of loan terms and conditions, the quality of service provided the atmosphere of the location where the product or service is purchased, advertisement and brand name of the bank. The following Figure (2.1) describes the factors that influence the customer satisfaction adopting Sindhuja’s factors.

**Figure (2.1) Conceptual Framework of the Study**



Source: Adopted from Sindhuja..J, 2013

Refer to the Figure (2.1), identifying the loan terms and conditions factors that affect customers' decision to get a loan from a particular bank has become an essential

asset for many banks in their effort to attract new customers and to maintain existing ones. Several managerial implications suggest bank managers should focus on giving loans to single individuals as well as change their interest rates policies by decreasing rates for housing loans, low rate of interest, prepayment penalty and flexible repayment systems are counted in analyzing of Loan Terms and Conditions are influenced on home loan services.

Regarding to the service factor, service quality is a significant antecedent of satisfaction. The key to customer satisfaction lies in the identification and how to anticipate consumer needs and especially to be able to satisfy them. Customer satisfaction has a positive relationship with repeat purchase behavior. Consumer loyalty is directly influenced by consumer satisfaction. Hence, services towards home loans are considered to be one of the influencing factors. In view of bank services, banks usually provide only three services. Therefore, these three services are accounted under service factors. They are pre-sanction and post-sanction and professional customer service.

Customer Engagement activities can be one path to this issue. Social influence is another aspect that can contribute to customer engagement. Word of mouth is possible outcome from the engaged customer which further leads to the engagement of the customer. To acquire this level, marketer directs the marketing strategy on the basis of the social influence of the customer. The customer or the person selected and targeted through the marketing plan to get better output while investing lesser resources. The key concept subsequently has a strong influence on the customer's isle approach. This influencer marketing and customer engagement can be very constructive in the marketing area. For this reason, marketing is recognized as one of the influencing factor in pursuing home loan services of the bank. As a consequence, location and ambience of the bank, influence of advertisement, and brand name of the bank are sorted out under marketing factor.

According to operation process factors, operations performance of service delivery can positively affect customer satisfaction (Stank et al. 1999). This study builds upon this by pointing out operations performance as a direct determinant of customer's feedback on home loan services. Specifically, this paper studies the impact of operations performance on customer's feedback in one area of bank services. If

customers would like to get home loan from bank, they need to go through the operation process which can make them change their mind according to the processing time and other reasons. Moreover, operation process is chosen to measure how much it can influence on home loan services of the bank. Faster processing, minimal formalities and procedures are included in this section.

## **CHAPTER III**

### **PROFILE OF YOMA BANK**

This chapter includes background history of YOMA Bank, products and services provided by YOMA bank and explain home loans products of YOMA Bank.

#### **3.1 Profile of YOMA Bank**

YOMA Bank is one of Myanmar's largest commercial bank as well as it is the 4<sup>th</sup> biggest bank in Myanmar. The bank is led by Australian Dean Cleland who was newly joined in 2019 November. YOMA Bank was founded in May 1993 by Mr. Serge Pun of the First Myanmar Investment Company (FMI). After receiving a full commercial banking license, YOMA Bank opened its the very first branch, a new kind of financial institution designed to bring Myanmar's finance industry into the modern world. YOMA Bank had become one of the country's largest banks in ten years. By investing in wireless banking technology and Myanmar's first computerized accounting system, it created Myanmar's most efficient remittance service, and by adhering to international standards of transparency and accountability, YOMA Bank forged the strong global relationships that made it the international banking services industry leader. Today, YOMA Bank is one of the Myanmar's largest private banks employing more than 3,000 people. YOMA Bank, together with Telenor, founded Wave Money, Myanmar's first mobile financial service provider and now the largest mobile money platform in the country. Its' aim is to become a leader in supporting the SME sector and reaching companies that contribute significantly to the local economy and develop local communities, (YOMA, 2019).

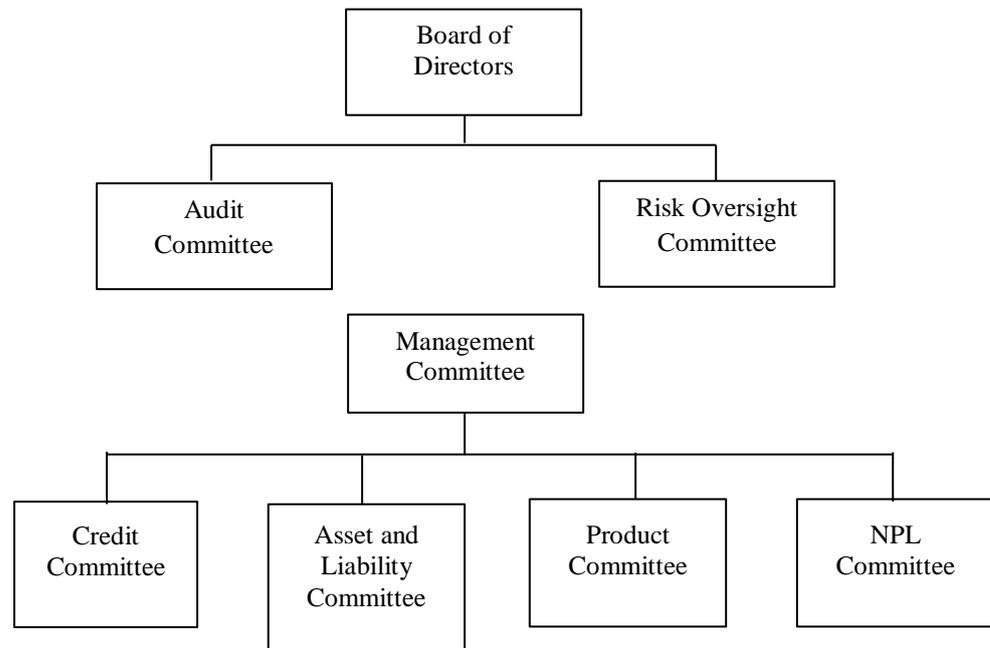
In 1993, YOMA Bank Ltd. was established, opening its first branch near Yangon's iconic Bogyoke Aung San Football Stadium, (YOMA, 2019).. In 1999, YOMA Bank employs cutting-edge wireless banking technology and adopts Myanmar's first computerized accounting system, (YOMA, 2019). In 2001, YOMA Bank opens its 41st branch. Open feedbacks in 24 cities, it is now one of Myanmar's largest banks, (YOMA, 2019). In 2003, amid a nationwide financial crisis, the Myanmar government imposes strong banking restrictions and begins nationalizing private banks. YOMA Bank continues to offer reliable and efficient domestic

remittances despite government restrictions, (YOMA, 2019). In 2012, under Myanmar's new democratic government, the restrictions imposed in 2003 are lifted and YOMA Bank regains its full banking license. It now has more than 50 branches across Myanmar, (YOMA, 2019).

### 3.2 Organization Structure of YOMA Bank

Consumers primarily use these banks for basic checking and savings accounts, certificates of deposit (CDs), and home mortgages. YOMA Bank is also one type of commercial bank, (YOMA, 2019). The organization structure of YOMA Bank constitutes with two main groups; Board of directors and Management Committee, (YOMA, 2019). Under the Board of directors, Audit Committee and Risk Oversight Committee are included, (YOMA, 2019). Under the Management Committee, Credit Committee, Assets and Liability Committee, Product Committee and NPL Committee are organized as shown in Figure (3.1) and in figure (3.2), the detailed organization of YOMA Bank are stated, (YOMA, 2019).

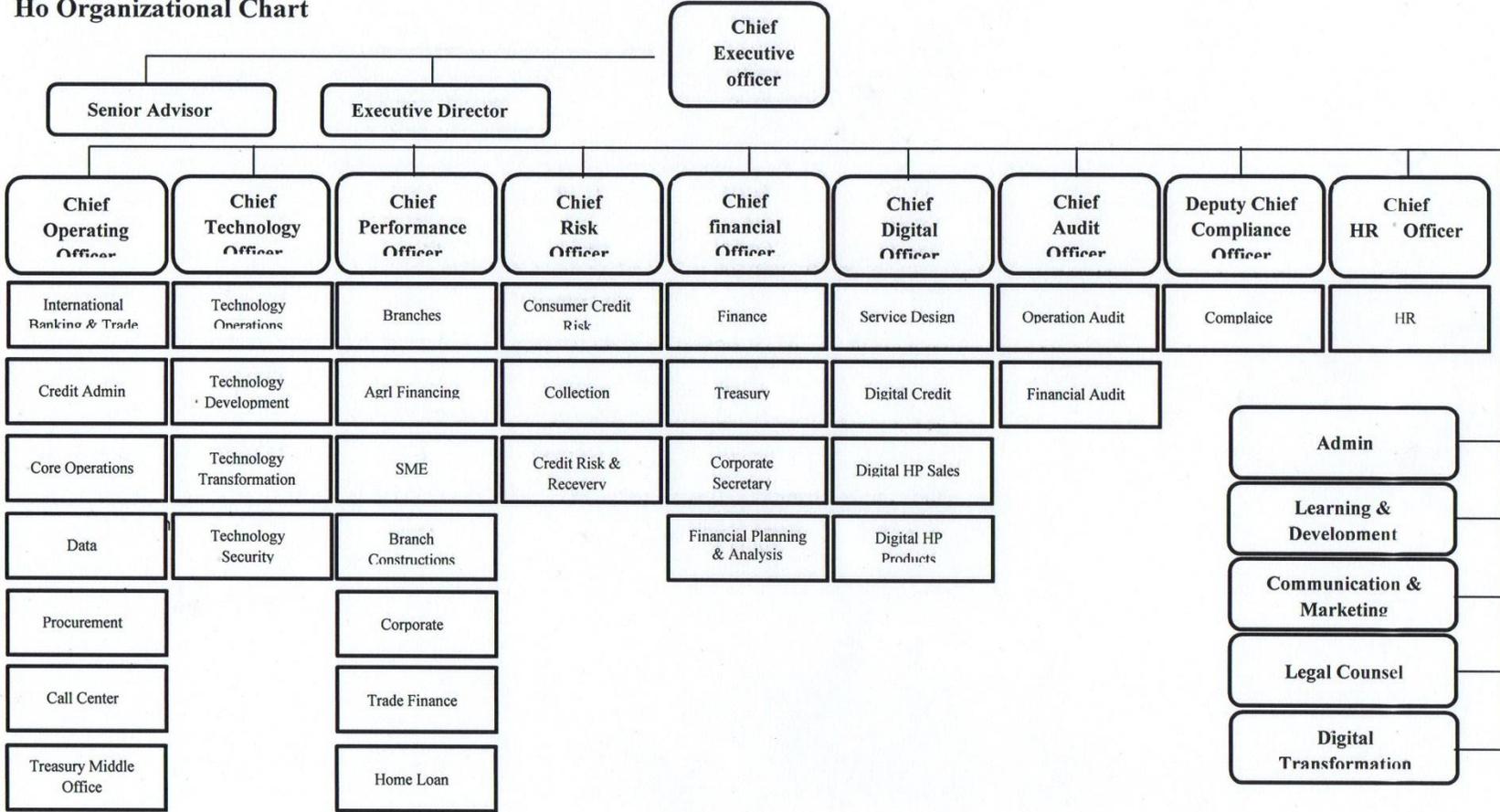
**Figure (3.1) Organization Chart of YOMA Bank**



Source: YOMA Bank Limited, 2019.

**Figure (3.2) Detailed Organization Chart of YOMA Bank**

**Ho Organizational Chart**



Source: YOMA Bank, 2019

### 3.3 Products and Services of YOMA Bank

YOMA Bank has divided their products and services of into four main categories. They are transaction, saving, borrowing and services and more, (YOMA, 2019). Under each category, there are underlying products. These followings Table (3.1) is all products of YOMA Bank;

**Table (3.1) Types of Product and Services of YOMA Bank**

I	Transaction	<ol style="list-style-type: none"><li>1. SMART Account</li><li>2. Domestic Remittances</li><li>3. Payment Order</li></ol>
II	Saving	<ol style="list-style-type: none"><li>1. Savings Deposit Account</li><li>2. JZü</li><li>3. Fixed Deposit Account</li><li>4. Current Account</li><li>5. Joint Account</li><li>6. Call Deposit Account</li></ol>
III	Borrowing	<ol style="list-style-type: none"><li>1. Salary Advance</li><li>2. Salary Loan</li><li>3. Home Loan</li><li>4. Hire Purchase</li><li>5. SMART Credit</li></ol>
IV	Other	<ol style="list-style-type: none"><li>1. Link to Wave (Through SMART)</li><li>2. Foreign Currency Account</li><li>3. SMART Suite</li><li>4. Gift Cheque</li><li>5. Mobile Banking.</li></ol>

Source: YOMA Bank, 2019

### 3.4 Home Loan Facilities of YOMA Bank

At the YOMA Bank' Retail Banking Department launches overdraft loan, temporary overdraft loan, lien loan, share loan, gold loan, pledge loan and housing loan. YOMA Bank offers home loan facilities for their customers are easy application, minimum down payment, and flexible loan terms, (YOMA, 2019). It provides easy application process for home loans that it provides home loan specialist to discuss

with the customers before getting any home loan, (YOMA, 2019). In minimum down payment, YOMA Bank is also same like other bank 30 percent down payment need to pay at first. But one thing unique is loan type it discusses with the customers' conditions and suggests which down payment could be beneficial to the customers, (YOMA, 2019). In flexible loan terms, the customers can take as much time as they need to repay up to 25 years (YOMA, 2019)

To get a home loan in YOMA, there are four essential requirements to be qualified, (YOMA, 2019). These are (1) Must be citizen. (2) Must be age between 20 and 65 (3) Must have job with over 200,000 kyats income monthly, (YOMA, 2019). (4) Must be able to pay for initial down payment. 30 percent initial down payment and 13 percent interest rate are mostly the same for all private banks in Myanmar since these are pressed by the Central Bank of Myanmar. YOMA offers easy, four-step process through discussion with their home loan specialist. These are four steps in applying home loans at YOMA Bank, (YOMA, 2019).

1. **Get pre-approval** – Contact the nearest YOMA Bank branch to begin a discussion with their Home Loan Specialists about the loan needs. Together, they will determine what kind of loan is right for us, including the interest rate, down payment and monthly payments, (YOMA, 2019).

2. **Find our new home** – After determining what kind of loan we qualify for and acquiring a Home Loan proposition from YOMA Bank, start researching and exploring potential properties that fit your budget, (YOMA, 2019).

3. **Contact the seller and prepare documentation** – After finding our perfect home, contact the seller and begin filling out the required forms and documents, (YOMA, 2019).

4. **Submit our application** – Apply for our Home Loan by submitting the necessary documents at one of our YOMA Bank branches, (YOMA, 2019). Their Home Loan Specialists will proceed with the asset valuation, inspection of the property and your income statement, (YOMA, 2019). A response will reach us within two to three weeks, (YOMA, 2019).

If a person is home loan applicant, the following documents need to be provided as follows:

1. Original NRC Card
2. Family Registration List
3. Original Ward Recommendation (proof of residence)
4. Confirmation of employment and most recent 3 month payslips (if employed)
5. Valid business license and DICA information (if self-employed)
6. Financial statements and income tax receipt (if self-employed)

If a person is home seller, the following documents are needed to be provided:

1. Original NRC card and family registration list
2. Land plot map (Form 105) and land history form (Form 106)
3. Copy of grant titles, free-hold land or related sales contract
4. Contract between developer and land owner (if applicable)
5. Any other ownership-related documents, (YOMA, 2019)

If home loan applicant got loan approval from the bank home loan applicant needs to be charged first cash down payment which includes initial down payment, professional expenses covering assessor and lawyer and home loan facilities fees based on property price, (YOMA, 2019). And home loan applicant also needs to pay monthly interest and loan principal and fees after the bank is approved for the home loan as shown in the following Table (3.2).

Refer to the Table (3.2), initial down payment at least 30 percent of property price and types of property which condition is ready to use and annual interest rate pressed by Central Bank of Myanmar (CBM), (YOMA, 2019). But there is one exception for the initial down payment. It can vary not only to the types of houses that you would like to buy but also to the type of private banks which a person is joining. Interest rate calculates method is amortization reducing method.

**Table (3.2) Fees and Charges of Home Loan**

<b>Sr. No</b>	<b>Particulars</b>	<b>Percentage</b>
1	Land and Building, Condo and Mini-condo, up to 25 years loan term	30 percent down payment of home price
2	Apartment, up to 15 years loan term	30 percent down payment of home price
3	Interest Rate	13 percent per annum
4	Interest Rate of 50percent down payment	11 percent per annum
5	Interest Rate calculate method	Amortize Reducing Method (EMI Calculator)
6	Processing expenses covering assessor and lawyer fees	1.5 percent of the approval loan amount
7	Penalty (Late regular repayment fee)	3 percent per month on past due loan principal
8	Early repayment fee (if paid within first year)	3.5 percent on the loan outstanding balance
9	Financing Amount	40 percent of income
10	Loan Processing Period	
	For Staff	
	For Company and SME	2 to 3 weeks
	For Self-employed	

Source: YOMA Bank, 2019

Regarding the Table (3.2), processing expenses covering assessor and lawyer fees which are a fee is 1.5 percent of the approved loan amount. YOMA Bank collects this amount for issuing loan agreement between bank and home loan borrower,

maintaining customers' records, technical and legal charges, etc. throughout loan's tenure. This charge is paid by the customer before availing the disbursement amount.

If the customer submits the completely documentation to the bank, the bank takes a time for the loan processing period is 2 to 3 weeks.

After getting the home loan service, if the home loan borrower default the monthly repayment, bank charges based on the default amount in principal. If the home loan borrower repays the loan outstanding amount before the loan period is not mature within first year, bank charges the early repayment fees.

## **CHAPTER IV**

### **ANALYSIS OF INFLUENCING FACTORS TOWARDS HOME LOAN SERVICES OF YOMA BANK**

This chapter presents the analysis of influencing factors towards home loan services of YOMA bank. In this study, descriptive research method is used to meet the objectives of the study. This study was conducted with both primary and secondary data. The primary data was collected via the structured questionnaire, the data was analyzed using SPSS and presented in forms of Tables percentages and inferential. The respondents of the survey are the borrowers of YOMA Bank in Yangon Region. The sample size of the survey was randomly selected based on home loan. Secondary data collected from various sources of publications, text books, journals and internet websites.

#### **4.1 Research Design**

The main objectives of this study are to analyze home loan services provided by YOMA Bank and to explore the influencing factors towards home loan services of YOMA Bank. In this study, descriptive method is used. The method of the study is based on both primary and secondary data. By using Likert Scale, structured questionnaires were sent to home loan customers of YOMA Bank from 2017 to 2018 to analyze their satisfaction and explore the factors influencing on customer decision making.

This survey was conducted during 5 May 2017 to 31 December 2018. The questionnaire was presented with two-sections, section one and section two. In section one, total nine questions which focus on the demographic information of the respondents and details information of the home loan they are having, such as type of housing, loan amount and home loan period, etc. Section two focuses on the factors influencing on customer satisfaction which includes; (a) home loan terms and conditions factors, (b) home loan service factors, (c) home loan marketing factors, and (d) home loan operations process factors. Section two includes total 19 questionnaires which were rated on a five-point Likert scale, ranging from “1” indicate Strongly disagree to “5” indicated as “strongly agree”.

This survey is unique since the data was collected on the customers who actually purchased home loans of YOMA Bank and it only covers Yangon Region.

Survey questionnaires are constructed based on five main factors which are demographic factors, loan terms and conditions factors, service factors, marketing factors and operation process factors. These are the factors which cause the customer's feedbacks and are analyzed below. Research design is stated in 4.1 and demographic factors and influencing factors are stated 4.2 and 4.3.

## **4.2 Demographic Characteristics of Respondents**

Demographic factors include gender, marital status, age, education, and professional, occupation and income level as shown in Table (4.1) below.

Among 150 respondents, 54 percent are male and 44 percent are female. From the results of the study, it can be concluded that the male has the higher percentage in getting home loan of YOMA Bank than female.

In terms of marital status, 88 percent married people, 6 percent widow and 6 percent single are achieved home loans from YOMA Bank as indicated by Table (4.1). From the analysis, it was found out that people who married are getting home loans than others.

The age of the respondents as shown in Table (4.1), 6 percent of 24 to 30, 42 percent of 31 to 37, 26 percent of 38 to 44, 16 percent of 45 to 51 and 10 percent of above 51 aged people get the home loan of YOMA Bank. It is found out that 31 to 37 age people are highest and 24 to 30 age people are lowest in getting home loans.

The educational background of the respondents, it was found out that 2 percent is under graduate, 2 percent is graduate level, 52 percent is post graduate, 30 percent is master and 14 percent is professional. From the analysis, most respondents are post graduate and it is 52 percent.

For occupation of respondents, the survey results indicated that 72 percent are Company Staff, 18 percent are Self-employed and 10 percent is Business Owner. Company staff are the highest in getting loan among all. This survey question measures five types of occupation including the government staff. But no government staff seems to have home loan in YOMA Bank in the survey.

In the analysis of the survey results in income, respondents who have below one million kyats are the highest borrowers of home loan and it is 60 percent. In the second place, monthly income between one million kyats and two million kyats stands with 22 percent and above five million kyats on the third with 14 percent and more than two million kyats to three million kyats on the fourth with 4 percent. In the

survey, it measures five types of income but none of the respondents was with more than three million kyats to four million kyats and more than four million kyats to five million kyats.

**Table (4.1) Respondents' Demographic Profile**

<b>Demographic Factors</b>	<b>Measure</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Gender	Male	84	56
	Female	66	44
	Total	150	100
Marital Status	Single	9	6
	Married	132	88
	Divorce	-	-
	Widow	9	6
	Total	150	100
Age (in years)	24 to 30	9	6
	31 to 37	63	42
	38 to 44	39	26
	45 to 51	24	16
	Above 51	15	10
	Total	150	100
Education	Under Graduate	3	2
	Graduate	3	2
	Post Graduate	78	52
	Master	45	30
	Professional	21	14
	Total	150	100

Occupation	Government Staff	-	-
	Company Staff	108	72
	Self-employed	27	18
	Business Owner	15	10
	Other	-	-
	Total	150	100
Income Group (in kyats)	Below 1,000,000	90	60
	1,000,001 – 2,000,000	33	22
	2,000,001 – 3,000,000	6	4
	3,000,001-4,000,000	-	-
	4,000,001-5,000,000	-	-
	Above 5,000,001	21	14
	Total	150	100

Source: Survey Data, 2019

Refer to the Table (4.1), under the demographic factors, 56 percent of male come to have home loans and mostly are married. The result indicates that 30 to 37 aged people who are married and post graduated with fewer than one million kyats income are the highest purchasers of home loans of YOMA Bank. It also shows that these respondents mostly work in company. Hence a conclusion for demographic factors is that people who are mature level of aged with stable income are able to afford to get home loans from YOMA Bank. It can also be the influence factors of bank standard and policy which limit them to access the home loan depending on the qualified requirements.

### **4.3 Detail Information of Home Loan**

In this section analyzed the Descriptive Statistics for home loan of the respondents'. It include (1) Type of Housing their purchased, (2) Home Loan Period their choice and. (3) Loan Amount approved from the bank.

#### **Type of Housing**

Regarding the question of types of housing, mini-condominium is 48 percent, apartment is 32 percent, condominium is 10 percent and land and building is 10 percent. This survey shows that mini-condominium and apartment are the most popular to purchase with home loan. A type of housing of respondents as a percentage is shown in Table (4.2).

**Table (4.2) Number of Respondents by Types of Housing**

Type	Number of Respondents	Percentage
Apartment	48	32
Mini-Condominium	72	48
Condominium	15	10
Land and Building	15	10.
Total	150	100

Source: Survey Data, 2019

Refer to the Table (4.2), in type of choosing home, mini-condominium stands first and apartment plays second. Since the price for purchasing mini-condominium and apartment do not differ very much, most of the customers choose mini condominium than apartment.

### **Home Loan Period**

In home loan period, 3 to 6 years is 48 percent, 7 to 10 years is 28percent, 11 to 14 years is 10 percent and over 14 years is 14percent. Most of the respondents in the survey get home loan with 3 to 6 years as shown in Table (4.3).

**Table (4.3) Number of Respondents by Home Loan Period**

Period (in Years)	Number of Respondents	Percentage
3 to 6	72	48

7 to 10	42	28
11 to 14	15	10
Above 14	21	14
Total	150	100

Source: Survey Data, 2019

### Loan Amount

In measuring of their access on home loan amount, the results indicate that 15 million kyats to 55 million kyats stand in the first with 46.7 percent and more than 55 million kyats to 95 million kyats is in second place with 26.7 percent. More than 95 million kyats to 135 million kyats is 8.7 percent. More than 135 million kyats to 175 million kyats has 4.7 percent. More than 175 million kyats is 13.3 percent.

**Table (4.4) Number of Respondents by Loan Amount**

Loan Amount (in kyats)	Number of Respondents	Percentage
15,000,000-55,000,000	70	46.7
55,000,001-95,000,000	40	26.7
95,000,001-135,000,000	13	8.7
135,000,001-175,000,000	7	4.7
Above 175,000,001	20	13.3
Total	150	100

Source: Survey Data, 2019

#### 4.4 Influencing Factors Towards Home Loan Services of YOMA Bank

In this section, the survey was designed to conduct the influencing factors towards home loan services of YOMA Bank. These four factors are home loan terms and conditions, home loan services, home loan marketing and home loan operation process. The mean values of five-point Likert scale items are interpreted as follows:

The score among 1.00 – 1.80 means strongly disagree,

The score among 1.81 – 2.60 means disagree,

The score among 2.61 – 3.40 means neither agree nor disagree,  
 The score among 3.41 – 4.20 means agree,  
 The score among 4.21 – 5.00 means strongly agree, (Bowling, 1997)

In addition, standard deviations of each factor of the independent variables are described. Standard deviation (SD) is also the measure that is used to the amount of variation or dispersion of a set of data value (Bowling, 2007). A low standard deviation indicates that the data tend to be close to the mean of the set, while a high standard deviation indicates that data points are spread out over a wide range of values, (Bowling, 2007)..

#### 4.4.1 Home Loan Terms and Conditions Factors

This section includes four questions mainly which is constructed to analyze the influencing factors of home loan terms and conditions of YOMA Bank. (1) Interest rate terms and conditions are clearly mentioned in the contract. (2) Interest rate charged by the bank is fair enough for using home loan facilities. (3) Penalty for advance payment before end of period home loan periods is highly recommended and Repayment period gives sufficient and appropriate time depending on loan. These are summarized in Table (4.5) below;

**Table (4.5) Home Loan Terms and Conditions Factors**

No	Factors	Mean	Std. Dev
1	Repayment period gives sufficient and appropriate time depending on loan.	4.47	0.575
2	Interest rate terms and conditions are clearly mentioned in the contract.	4.46	0.609
3	Penalty for advance payment before end of period home loan periods is highly recommended.	2.56	1.25
4	Interest rate charged by the bank is fair enough for using home loan facilities.	2.06	0.991
<b>Overall Mean</b>		<b>3.39</b>	

Source: Survey Data, 2019

Refer to the Table (4.5), the highest influencing factor is repayment period which mean value is 4.47 with standard deviation 0.575 and lowest customer agree with interest rate charged by the bank is influenced on home loan services of YOMA Bank which mean value is 2.06 and standard deviation is 0.99 that the result indicates customer consider for interest rates in long-run has the major input compare

to short-run. As a result, overall mean score is 3.39 hence; most of customers highly agreed that home loan terms and conditions factors is the most influencing factors for better home loan services of YOMA Bank.

#### 4.4.2 Home Loan Service Factors

The survey for home loan service factor is done by measuring best customer service at the pre sanction time, post sanctioning time, monthly in-time payment reminding, and prompt attention service and after sale service. Table (4.6) indicates the analysis of home loan service factors. The highest customer agree with customer service on pre sanction time that are influencing factor on home loan services of YOMA Bank, which means value is 4.3 and standard deviation is 0.706, followed by prompt attention is well adjusted with its mean value at 4.15 and its standard deviation of 0.857.

**Table (4.6) Home Loan Service Factors**

No	Factors	Mean	Std. Dev
1	YOMA Bank provides the best customer service at the pre sanction time.	4.31	.706
2	I always get prompt attention whenever I report my needs.	4.15	.857
3	Monthly in-time payment reminds should keep doing in the future.	4.03	1.036
4	Customer service at the post sanctioning time is satisfying.	3.98	.871
5	The bank keeps up the best after sale service.	3.76	1.115
<b>Overall Mean</b>		<b>4.05</b>	

Source: Survey Data, 2019

According to the Table (4.6), monthly in time reminding scores 4.03 which mean the customers highly agree that this factor influenced on better home loan services of YOMA Bank. Post sanction service and after sale service and are the lowest

mean score with 3.98 and 3.76 respectively. Overall mean on home loan service factors is 4.05. Therefore, it might be concluded that customers are highly agree with Home Loan Services Factors has influenced on home loan services of YOMA Bank. The analysis on the data for home loan service factors is presented on Table (4.6).

#### 4.4.3 Home Loan Marketing Factors

The influencing factor of home loan marketing on pursuing home loan services of YOMA Bank is analyzed with reputation, advertising, facilities and best spot location and branches in bellowed Table (4.7). The highest customers agree with the advertising of the bank's products and services are influenced on home loan services of YOMA Bank, which mean value is 4.07 and standard deviation is 0.791, followed by the best spot location and number of branches are the second customer agree with the influencing factor of home loan services of YOMA Bank, which mean value is 3.98 and standard deviation is 0.755.

**Table (4.7) Home Loan Marketing Factors**

No	Factors	Mean	Std. Dev
1	Advertising of the bank's product and services makes me to choose this bank.	4.07	.791
2	I choose the bank depending on the best spot location and on number of branches around Myanmar.	3.98	.755
3	Bank's facilities and virtually appealing.	3.92	.799
4	I always look into reputation of the bank first before choosing it.	3.63	1.201
<b>Overall Mean</b>		<b>3.89</b>	

Source: Survey Data, 2019

According to the Table (4.7), Next factor is YOMA Bank facilities which mean value is 3.92. The lowest customers agree with the reputation that is influenced on home loan services of YOMA Bank, which mean value is 3.63. As a result overall mean score is 3.89. On the account of the results, customers highly agreed with home loan marketing factors are one of the most influencing factors on better home loan services of YOMA Bank.

#### 4.4.4 Home Loan Operation Process Factors

Home loan operation process factors includes in analyzing loan approval process and documentation time process, complicated documents collecting, service charge, competitive down payment and initial down payment for home loans. The results are shown in Table (4.8).

**Table (4.8) Home Loan Operation Process Factors**

No	Factors	Mean	Std. Dev
1	YOMA Bank Home loan approval process is faster.	3.95	.858
2	Services charges and insurance are well adjusted.	3.55	1.014
3	YOMA Bank provides competitive down payment and home loan price.	3.47	.946
4	Collecting required documents are not complicated to follow.	3.45	1.001
5	Initial down payment for home loan is nothing to complain.	2.93	1.199
6	Documentation process doesn't take much time	2.56	1.059
<b>Overall Mean</b>		<b>4.05</b>	

Source: Survey Data, 2019

According to the Table (4.8), the highest influencing of Home Loan Operation Process is home loan approval process with mean value 3.95 and standard deviation 0.858, followed by the service charges and insurances are well adjusted with its mean value at 3.55 and standard deviation of 1.014. Documentation processing time, complaint of initial down payment, documents collection and competitive down payment scores are 2.56, 2.93, 3.45 and 3.47 means respectively. As a result, overall mean score is 3.32. Hence, customers highly agreed with home loan operation process factor is also an influencing factor on better home loan services of YOMA Bank.

**Table (4.9) Influencing Factors Home Loan Services of YOMA Bank**

Overall Customers' Feedback	Mean
Home Loan Services Factor	4.05

Home Loan Marketing Factor	3.89
Home Loan Term and Condition Factor	3.39
Home Loan Operation Process	3.32
<b>Overall Mean</b>	3.66

Source: Survey Data, 2019

According to the Table (4.9), the highest mean score is 4.05 which represents home loan service factors are most influencing factor among the factors on better home loan services of YOMA Bank. Follow by home loan marketing factors stand with the second highest mean, 3.89. The mean score of remaining home loan terms and conditions Factors and home loan operation process factors are also higher than 3. Therefore, it can be concluded that according to customers' feedback these four influencing factors actually reflect on better home loan services of YOMA Bank.

## **CHAPTER V**

### **CONCLUSION**

This chapter represents findings and discussions, suggestions and needs for future research. First part consists of the finding and discussion based on the survey data and research analysis of YOMA Bank. On the second part, it includes suggestions that are from the results of the research findings. In the last part, it presents the limitation and needs for future research.

#### **5.1 Findings of the Study**

The Primary purpose of this chapter identifies the home loan services provided in YOMA Bank Yangon Region to explore influencing factors towards home loan services of YOMA Bank. This paper examined customer through questionnaire survey and determined influencing factors on home loan services of YOMA Bank.

The study covers a sample of 150 respondents from the area of the study. In this study, the respondents are in the people who have actually got home loan from YOMA Bank. They represent all of their profile in terms of gender, age of group, educational level, occupational status, income and types of housing and their feedbacks on loan terms and conditions, service, marketing, operation process factors of YOMA Bank.

In type of choosing home, mini-condominium stands first and apartment plays second. Since the price for purchasing mini-condominium and apartment do not differ very much, most of the customers choose mini-condominium than apartment. Only business man and self-employed people buy condominium and land and building. In accessing home loans, seventy percent of respondents choose a loan which offers

from fifteen million to fifty five million kyats. The results find out that they can repay their loans fully after six years. It is because the bank has already set the time amount to pay based on the loan amount. It can be concluded that their calculation matches with the real current situation.

In measuring the customer feedbacks of home loan terms and conditions factors, customers agreed that “Repayment period gives sufficient and appropriate time depending on loan”. Since YOMA Banks set “Get pre-approval” process first for their customers to discuss with their home loan specialist for getting home loan, it helps the customers to decide their loan amount by adjusting with their down payment and period. As a consequence, it raises the satisfaction of customers on it. The second highest factor that customer agreed is the contract as it is written interest rate terms and conditions clearly in Burmese language for making them to understand easily. But customers responded that the interest rate charged by the bank and on “Penalty for advance payment before end of period home loan period and interest rate charged by the bank is fair enough for using home loan facilities” which implies that the lowest customers agree with above factors are the lowest influencing factors on better home loan services of YOMA Bank. The value of standard deviation significantly shows that customers’ feedbacks on these factors are very sensitive. It is also the area that YOMA Bank concerns and they started changing from normal interest rate reduce by eleven percent interest rate if the amount of down payment is half of the property price that offer started from 1 December 2019. Hopefully this change will satisfy the certain amount of customers. The overall customer feedbacks on home loan terms and condition factor which customers are highly agree with loan terms and conditions are influencing on home loan services of YOMA Bank. In Home Loan Services Factors, the survey questions were mainly designed on customer service on pre sanction time and on the post sanction time, monthly in-time payment remind and prompt attention to customer needs or the home loan services factors. Among these, pre sanction time service is the highest influencing factor among these service factors according to the customer’s feedbacks on better home loan services of YOMA Bank and prompts attentions to customer needs or the home loan services factors also. The customers agree with monthly in-time payment reminds and on post sanction time are highly. Among these factors, the post sanction attains the lowest ranking by the customers. This can be caused because they need to go through many processes with buyers, sellers and insured policy, which means complicated and time consuming process but

certainly need for bank to cover the risk. The overall customers' feedback on home loan services factors are highly influencing factors on better home loan services of YOMA Bank.

In measuring the depth of satisfaction level on Home Loan Marketing Factors, survey results significantly indicate that many people choose home loans from YOMA Bank for seeing in advertisements and the other choose because of the branches and location. The reputation of bank and bank's facilities stand lower when it compared to above two factors. To be exact, most customers rated their highest agree on the large numbers of branches and the best spot of the location of the branches. Overall customers' feedbacks on marketing factors are 3.89 mean which is nearly to 4. Some facilities such as marketing factors are the highest influencing factors according to the customer feedbacks, thus banks should focus on the improvement on it for the better home loan services of YOMA bank.

It is usually happened for the customers to be upset with processing documents and waiting time when they need to be served by others. The faster and reliable service in processing documents is the key to gain the best customer feedback with in service field. Home loan is also one type of product which needs to run documentation process. Hence, the survey covers the customers' feedback on home loan operation process which are conducted mainly on time, complex documents, charges, down payments and competitive loan price where the customers tend to have better home loan services of YOMA Bank. In the survey, most of the respondents answered that approval processes for getting home loan of YOMA Bank is faster and the better. Customers' feedback on collection of documents, home loan services charges and insurance results in ranked in neutral level among the influencing factors. But it indicated that the process times for documentation stands on average level of ranking based on customers' feedbacks. The overall customers agree on home loan operation process factors came out beyond average level. Customers' feedback on home loan operation process factors in YOMA Bank needs to be improved as it was ranked as an average level among influencing factors.

Based on the results of the whole survey, this analysis reveals that customers' feedback towards home loan services of YOMA Bank varies with each independent variable. It can be concluded that the most influencing factor on home loan services of YOMA Bank is service factors which include pre-sanction, post sanction, reminder for paying loans. Since Customers' feedback on home loan terms and conditions

factors, home loan marketing factors and home loan operation process factors results as highly influence to have a better home loan services of YOMA Bank, a good conclusion can be drawn that the overall customers' feedback on the influencing factors towards better home loan services of YOMA Bank is high with mean value 3.66.

## **5.2 Suggestions**

After reviewing the results and findings, the recommendation and suggestion will be presented for the improvement of customers' satisfaction towards home loans of YOMA Bank and to enhance area of requirements to meet customers' higher satisfaction. These findings could be valuable to YOMA Bank, especially to raise the customer satisfaction on their home loan products.

The results of analysis have shown that the sensitivity on loan interest and penalty is very high and should be highly considered. In the study of Khin Me Me Aung, 2018, "Customer Perception of Home Loan in Private Bank", this problem is also stated. If the loan amount can be repaid on the short term, the lowest interest rate needs to be repaid. When the amount of time to pay loan is above 5 years, the amount of giving loan will reach almost nearly to the half of the amount of receiving home loans. But the penalty is also high and customers felt dispirited. Since the interest rate is fixed and cannot be changed without the amendment of government, lowering penalty could be the best choice to promote customers' satisfaction and demands.

The other concern is operation process time for documentation. Since the documentation processes are always complex and time consuming, the satisfaction is usually whenever it is measured. If the bank can provide faster processing time for documentation, it would be the best critical point for customer in choosing of getting home loans among banks.

## **5.3 Needs for Further Research**

In this paper, the study only focuses on some variables related to influencing factors towards home loans services of YOMA Bank. It could only cover for 150 respondents. So it has limitation. After analysis on influencing factors towards home loan services of YOMA Bank, one intriguing thing is that YOMA has changed their interest to 11 percent for 50 percent down payment starting from this December 2019. So the customers' feedback on YOMA Bank home loan services can also be changed -

which should be go further research to know it. In the survey, there are two points that no respondents exists. They are government staff and people with income between more than three million to five million kyats didn't get any home loans from YOMA Bank. Since this survey only covers for 150 respondents, we cannot conclude that they don't get home loans from YOMA Bank. If it is to uncover, further study should be done.

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## **APPENDIX-A**

### **A Study on Influencing Factors towards Home Loan Services of Yoma Bank Questionnaires**

Dear value customers,

This questionnaires is for a survey to study the Influencing Factors towards Home loan Services of YOMA Bank in writing a thesis for the degree of Master of Banking and Finance (MBF) Programme. All responses are anonymous and will be used for academic purposes only. All the data will be strongly kept confidential. Please kindly answer the following question.

Thank you for your participation

Nyein Nyein Ei

MBF 5<sup>th</sup> Batch

Yangon University of Economics

#### **Section (1) Demographic and Home Loan Information**

**Please tick “√” in the box that best describe you.**

1. Please select your gender?
  - Male
  - Female
2. Please select your marital status?
  - Single
  - Married
  - Divorce
  - Widow
3. Please select your age group? (in years)
  - 24 to 30
  - 31 to 37
  - 38 to 44
  - 45 to 51
  - Above 51 years old

4. Please select your education qualification?
  - Under graduate level
  - Graduate level
  - Post graduate level
  - Master level
  - Professional
5. Please select your occupation?
  - Government Staff
  - Company Staff
  - Self-employed
  - Business Owner
  - Other
6. Please select your income group? (per month in kyats)
  - Below 1,000,000
  - 1,000,001 – 2,000,000
  - 2,000,001 – 3,000,000
  - 3,000,001 – 4,000,000
  - 4,000,001 – 5,000,000
  - Above 5,000,001
7. Please select your types of housing?
  - Apartment
  - Mini-Condominium
  - Condominium
  - Land and Building
8. Please select your home loan period?
  - 3 to 6 years
  - 7 to 10 years
  - 11 to 14 years
  - Above 14 years
9. How much loan amount did you get? ( in kyats)
  - 15,000,000 – 55,000,000
  - 55,000,001 – 95,000,000
  - 95,000,001 – 135,000,000
  - 135,000,001 – 175,000,000
  - Above 175,000,001

The answer to the following statement will be on scale called Likert Scale. It is 5 point scale, from 1 to 5, where 1 stand for strongly disagree and 5 stand for strongly agree. Please explain of each point below:

Strongly Disagree	Disagree	No opinion	Agree	Strongly agree
1	2	3	4	5

### **Section (2) Influencing Factors of Home Loan Services**

<b>Sr.</b>	<b>Home Loan Terms and Conditions Factors</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
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10 Interest rate terms and conditions are clearly mentioned in the contract.

11 Interest rate charged by the bank is fair enough for using home loan facilities.

12 Penalty for advance payment before end of period home loan periods is highly recommended.

13 Repayment period gives sufficient and appropriate time depending on loan.

#### **Home Loan Service Factors**

14 YOMA bank provides the best customer service at the pre sanction time.

15 Customer service at the post sanctioning time is satisfying.

16 Monthly in-time payment reminds should keep doing in the future.

17 I always get prompt attention whenever I report my needs.

18 The bank keeps up the best after sale service.

#### **Home Loan Marketing Factors**

19 I choose the bank depending on the best spot location and on number of branches around Myanmar.

20 YOMA Bank's facilities are most popular among people.

- 21 Advertising of the bank's product and services makes me to choose this bank.
- 22 I always look into reputation of the bank first before choosing it.

**Home Loan Operation Process Factors**

- 23 YOMA Bank Home loan approval process is faster.
- 24 Documentation process doesn't take much time
- 25 Collecting required documents are not complicated to follow.
- 26 Services charges and insurance are well adjusted.
- 27 YOMA Bank provides competitive down payment and home loan price.
- 28 Initial down payment for home loan is nothing to complain.