International Journal of Education, Modern Management, Applied Science & Social Science (IJEMMASSS)
ISSN :2581-9925, Impact Factor: 7.555, Volume 07, No. 02(IV), April- June, 2025, pp. 253-260

Impact of Consumer Preference on Housing Loan from ICICI Bank in Rajasthan

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DOI: 10.62823/IJEMMASSS/7.2(IV).8024

ABSTRACT

Financing of housing is crucial in advancing economic development and realizing the dream of people to own a house. In India, the housing loan market has grown exponentially in the last two decades with the banking sector competing to create customer-friendly loan products. ICICI Bank is one of them that has emerged as a front runner with a variety of housing loan schemes catering to varied customer requirements. This research examines the effect of consumer preference on housing loans by ICICI Bank in Rajasthan based on the determinants that drive the decision-making process and their overall implications for the bank's performance. The study uses a mixed-method methodology that uses both primary and secondary data. A questionnaire was conducted among borrowers and prospective customers in various cities of Rajasthan for an examination of interest rates, repayment period, processing charges, bank image, service, internet banking facilities, and documentation facility. Statistical measures were used to determine trends, quantify satisfaction levels, and determine the role of consumer preference as determinants of housing loan demand. Results indicate that interest rates, quality of customer services, and online access are the most significant drivers of consumer decisions. Although ICICI Bank has a robust brand reputation and customer trust, there is still room for improvement in issues of charge transparency and quicker grievance resolution. The research emphasizes that consumer preference has a direct implication on loan take-off rates, customer loyalty, and sustained profitability for the bank. The paper concludes by suggesting ways ICICI Bank can improve its housing loan business in Rajasthan, including becoming more customer-friendly, increasing awareness campaigns, and making better use of technology for smooth experiences. This study adds to knowledge about consumer behavior in financial services and provides useful insights for banking institutions looking to develop their housing finance portfolio.

Keywords*: Housing Loan, ICICI Bank, Consumer Preference, Banking Sector, Rajasthan, Customer Satisfaction, Loan Adoption, Digital Banking.*

Introduction

Shelter is a basic human requirement and a significant measure of socio-economic progress. In a fast-developing nation such as India, ownership of housing is not just a question of accommodation but also an indication of security, stability, and economic advancement. As urbanization increases, disposable income rises, and living patterns change, the need for residential accommodation has increased exponentially in recent years. But the affordability of houses is out of reach due to high real estate prices, especially in urban and semi-urban locations, and it becomes a challenge for people to buy houses without help from others. This has given a boost to the growth of housing loans that provide a connection between personal aspirations and financial constraints.

The Indian housing finance industry has grown significantly in the last twenty years. Government policies like "Housing for All," tax benefits on home loan interest, and affordable housing policies have all fueled this growth. Public sector as well as private sector banks, along with housing finance companies, vie with each other to win consumers' business by providing tailor-made loan products. Today's consumers are better informed and discerning and assess housing loan providers on the basis of various factors ranging from interest rates to repayment period, processing charges, online convenience, service, and brand reliability.

Rajasthan, a leading Indian state by size, has been a rising market for housing finance. Jaipur, Udaipur, Jodhpur, and Kota are experiencing rapid infrastructure growth and expanding real estate needs, spurred by urban migration and expanding middle-class aspirations. This provides a competitive environment for banks to build their housing loan portfolios to accommodate the changing expectations of the consumer.

ICICI Bank, as one of India's major private sector banks, is a major player in the housing finance segment. The bank has a diversified portfolio of housing loan products with ease of repayment, attractive interest rates, and internet banking services to cater to the varied needs of customers. Consumer preferences, though having a well-established brand presence, still remain a major driver of the demand for its housing loan offerings. It is essential to understand these preferences not only to enhance customer satisfaction but also to reinforce the market share of the bank in Rajasthan.

The purpose of this research is to examine the influence of consumer choice on housing loans by ICICI Bank in Rajasthan. Through an examination of the drivers of consumer choice, this study aims to make contributions that can assist the bank in refining its product and better meeting customer demands within a competitive financial market.

Background of the Study

The Indian housing sector has witnessed a rapid revolution in the last decades due to urbanization, demographic growth, and increasing aspirations of people to own a house. In a developing economy such as India, where housing is not merely a requirement but also reflects social and economic stability, housing finance becomes highly significant. With the high cost of real estate, the majority of families depend on financial institutions to realize their dream of property ownership, thus raising the demand for housing loans.

One of India's largest states, Rajasthan, has seen high development in the housing sector with government schemes of housing, development of infrastructure, and growing urban migration. Cities like Jaipur, Udaipur, Jodhpur, and Kota are emerging as the major hubs of real estate activity, thus opening up scope for banks to increase their housing loan portfolio. Rajasthan's consumers are also getting more and more aware of loan facilities and are making rational choices based on various parameters such as affordability, payment convenience, service of the customer, and belief in the institution.

ICICI Bank, as a major private sector bank of India, has also contributed significantly to meeting this demand by providing targeted housing loan products. But consumer demand is driven by various factors like interest rates, tenures, processing charges, e-readiness, transparency, and overall service quality. Banks need to understand these demands to develop successful financial products and strategies.

The research on the Impact of Consumer Preference on Housing Loan from ICICI Bank in Rajasthan is important as it offers information on the way customer preference decides the growth of the bank in the competitive financial industry. It also identifies the difficulties faced by consumers while accessing housing loans and how ICICI Bank intervenes to provide a solution. Through understanding consumer behavior and satisfaction levels, this study will try to find the expectation-offering gap between consumers and the bank, finally making recommendations for improving customer-driven practices in housing finance.

Significance of Housing Loans in India

- Facilitates middle- and lower-income groups to achieve the dream of homeownership.
- Serves as a driver for the development of the real estate and construction industry.
- Contributes heavily to GDP in terms of housing and infrastructure development.
- Provides long-term investment security to families.
- Promotes financial inclusion by providing credit access to various sections of society.
- ICICI Bank's Role in the Housing Loan Market (Points)
- India's one of the largest private sector banks with a robust housing loan book.
- Provides variety of products including home purchase loans, home renovation loans, and balance transfer options.

- Provides competitive rates of interest and repayment flexibility.
- Emphasis on digital banking and instant processing to provide a superior customer experience.
- Fosters customer confidence based on brand equity and pan-Indian reach.

Objectives of the Study

- To examine drivers of consumer choice for ICICI Bank housing loans in Rajasthan.
- To analyze the demographic characteristics of consumers choosing ICICI housing loans.
- To investigate the role of consumer choice in loan uptake rates.
- To determine challenges for consumers in using housing loans.
- To make recommendations towards enhanced customer satisfaction and loan services.

Scope and Limitations

Scope

- Targeted at ICICI Bank housing loan borrowers in Rajasthan.
- Reaches both urban and rural parts.
- Considers major determinants such as interest rates, processing, tenor, and quality of service.

Drawbacks

- Limited to a single bank (ICICI), not the whole banking sector.
- Depending on chosen respondents, results might not generalize to the entire population.
- Subject to consumer perception, which can change over time.
- Constrained by geographical location of Rajasthan alone.

Review of Literature

Consumer perception towards affordable housing loans (2018) – Examines low-income borrowers' opinions; identifies interest rate sensitivity, documentation ease, and trust as determinants.

ICICI Bank Home Loan – borrower study (2024) – Findings of primary research among ICICI borrowers (salaried, self-employed, NRIs); assesses processing experience, eligibility challenges, and digital interfaces.

Customer attitude towards home loans – comparative (JETIR, 2023) – Compares public and private lenders; speed of processing and behavior of staff greatly influence preferences over price.

Factors influencing the choice of housing finance companies (IJSTR, 2020) – With 264 replies and log-linear analysis, determines tax benefits, affordability of EMI, and sources of information greatly influence the lender choice.

Home-loan borrower perception: demographic research – Correlates demographic with perception, satisfaction and loyalty; stresses the importance of perceived transparency.

Home Loan at ICICI Bank Analysis (EPRA, 2025) – ICICI-specific; borrowers prefer ease of repayment and convenience of digital transactions; suggests further digital campaign and transparency in charging.

Customers' attitude towards house loan (IJRAR) – pinpoints pain points (delays in procedures, transparency of terms) and their impact on perceived value among Indian banks.

Drivers of borrowers' home-loan choices (2020) – factor analysis pinpoints four driving forces (cost, service, documentation, brand); reports recent weakening of borrowers' interest and its implications for suppliers.

Determinants influencing consumer purchasing behavior towards home loans (Zenodo) – Synthesizes factors: interest rates, lender reputation, tenure flexibility, processing times and hidden fees.

Home loans with respect to ICICI (2024) – Analyzes ICICI offerings and customer experience; emphasizes streamlining jargon and increasing support to increase take-up.

Consumer behaviour towards housing loans (IJIRT, 2024) – Descriptive study with 150 respondents; reaffirms service quality and digital convenience as determinants of satisfaction along with cost factors.

Determinants of customers' choice of bank/HFC for home loans (IJMCER, 2021) – Socio-economic characteristics along with relationship factors (staff assistance, responsiveness) guide final choice.

Customer satisfaction toward housing loans in banking sector (IJMRA, 2018) – Finds post-sanction service and transparency crucial for loyalty; advises banks to streamline processes to reduce dissatisfaction.

Home loans in ICICI Bank (MBA project, 2022) – Practitioner-oriented review of ICICI offerings; positions ICICI's process convenience and product breadth as differentiators.

Consumer attitudes & satisfaction with home loans (IRE Journals) – Identifies interaction of perceived charges fairness, ease of documentation, and brand trust in determining satisfaction.

Customer decision in choosing bank/HFC (IJRPR) – Empirical research on choice determinants; cost-of-credit and socio-demographics interact with perceived service dependability.

Influences of customer satisfaction towards home loans (IJCRT, 2021) – Tracks scheme design and institutional performance into satisfaction outcomes; observes the influence of affordable-housing policies.

Research Methodology

Research Design

The research is descriptive in nature, and it highlights consumer preferences and their effects on ICICI Bank housing loans in Rajasthan. The design assists in understanding factors that affect consumer choices and their levels of satisfaction.

Sample Size & Sampling Technique

Sample of 100 respondents was taken from Rajasthan's big cities (Jaipur, Udaipur, Jodhpur, Kota). The sampling technique employed was convenience sampling since respondents were picked on the basis of availability and willingness to provide information.

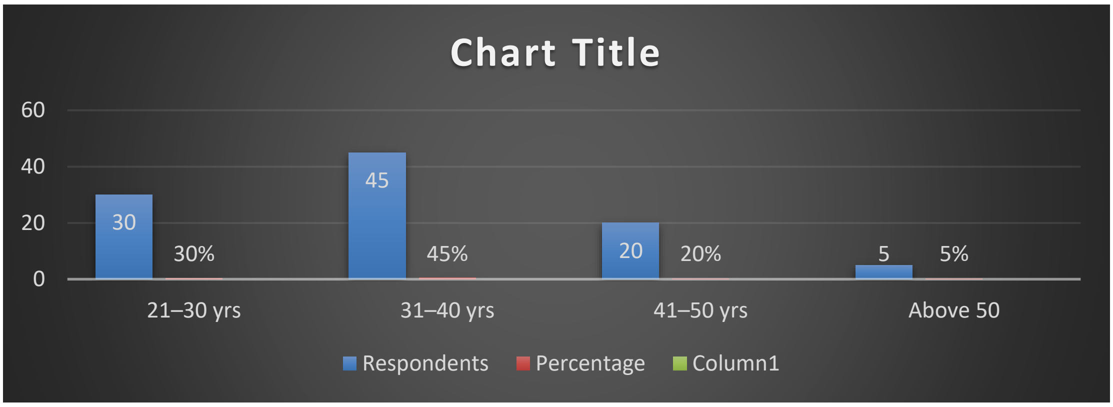
Data Collection Method

- Primary Data: Gathered using a structured questionnaire comprising both close-ended questions and rating-scale questions.
- Secondary Data: Gathered from ICICI Bank reports, research journals, articles, and websites.

Data Analysis & Interpretation

Table 1: Age-wise Distribution of Respondents

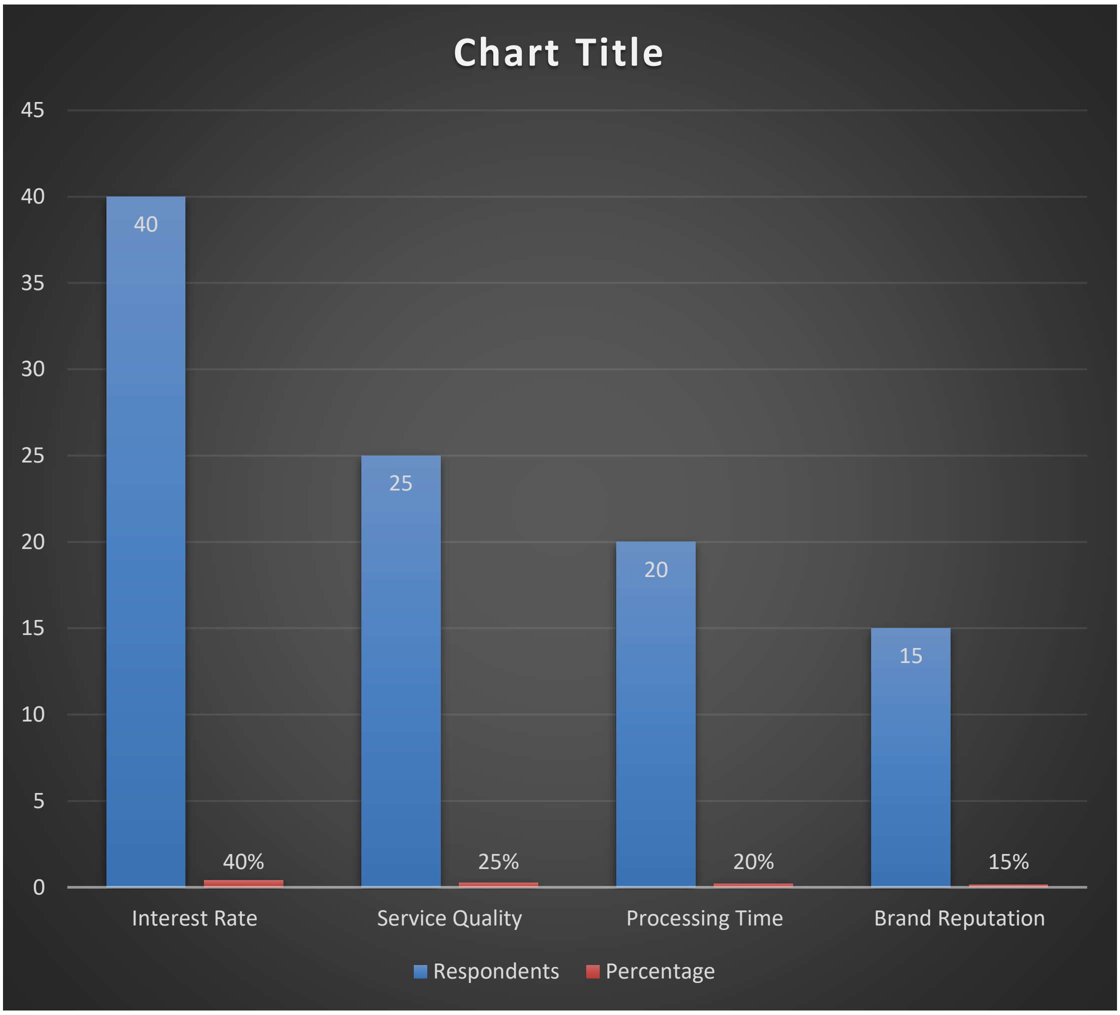
Age Group	Respondents	Percentage
21–30 yrs	30	30%
31–40 yrs	45	45%
41–50 yrs	20	20%
Above 50	5	5%



Interpretation: Majority of borrowers (45%) belong to the 31–40 age group, showing middle-aged individuals are more inclined towards housing loans.

Table 2: Factors Influencing Preference for ICICI Housing Loan

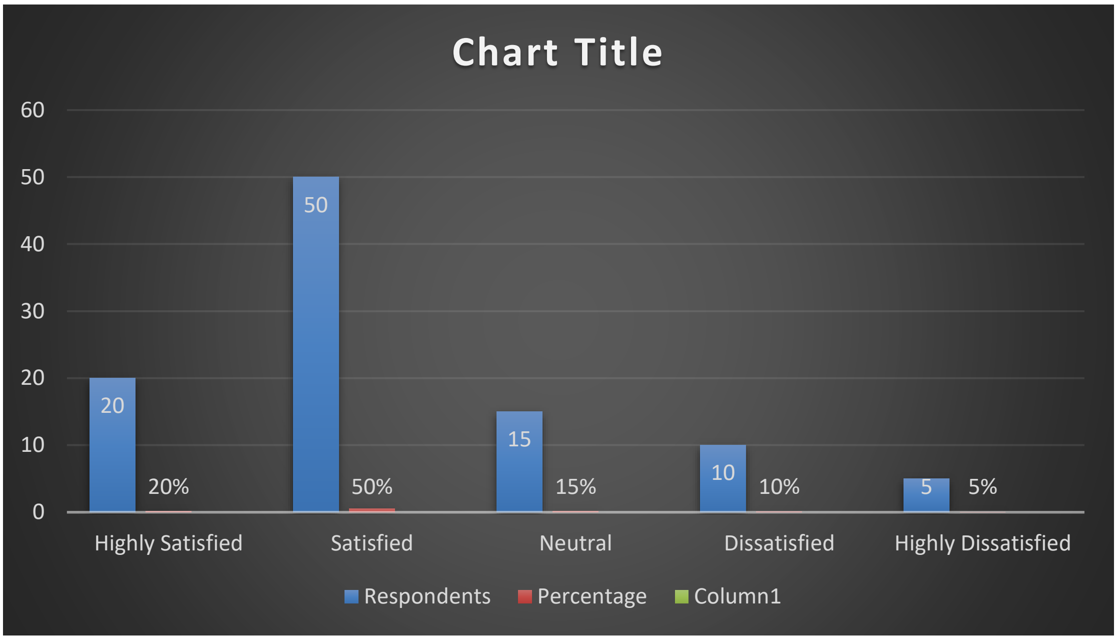
Factor	Respondents	Percentage
Interest Rate	40	40%
Service Quality	25	25%
Processing Time	20	20%
Brand Reputation	15	15%



Interpretation: Interest rate is the most significant factor (40%) influencing consumers, followed by service quality.

Table 3: Level of Satisfaction with ICICI Housing Loan

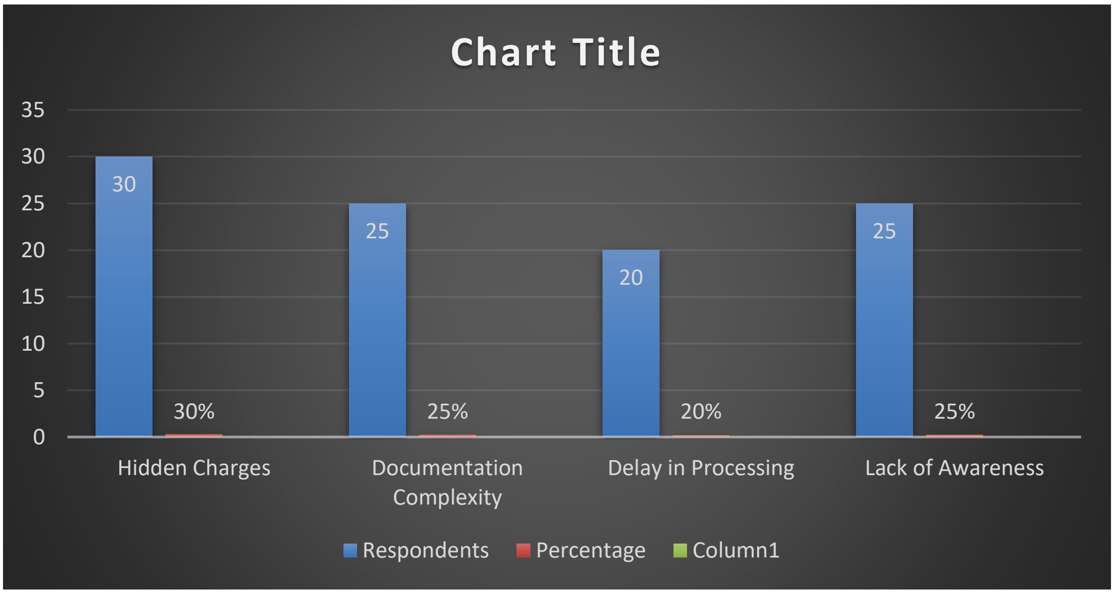
Satisfaction Level	Respondents	Percentage
Highly Satisfied	20	20%
Satisfied	50	50%
Neutral	15	15%
Dissatisfied	10	10%
Highly Dissatisfied	5	5%



Interpretation: 70% of respondents are satisfied to highly satisfied, indicating a positive consumer perception, though a small proportion remains dissatisfied.

Table 4: Challenges Faced by Respondents

Challenge	Respondents	Percentage
Hidden Charges	30	30%
Documentation Complexity	25	25%
Delay in Processing	20	20%
Lack of Awareness	25	25%



Interpretation: Hidden charges and documentation issues are major concerns among consumers.

Conclusion

The conclusion of the study is that consumer preference is a key driver in influencing the demand for ICICI Bank housing loans in Rajasthan. A majority of borrowers are in the middle-age group, indicating that housing finance is on the minds of people who are in the peak working years. The study reveals that interest rate, quality of service, and processing time are the most significant factors driving consumer preference. While ICICI enjoys a strong reputation and customer base, satisfaction levels indicate room for improvement. Around 70% of consumers expressed satisfaction with ICICI's housing loan services, reflecting the bank's strong brand presence and digital support systems. However, issues like hidden charges, documentation complexity, and delays in processing remain significant challenges.

These observations indicate that although ICICI Bank is successful in fulfilling customer expectations in most segments, it needs to become more customer-oriented in order to ensure loyalty and compete favorably with other banks. Streamlining procedural barriers, improving transparency, and documentation simplification will be the key to greater satisfaction. Moreover, consumer awareness campaigns can fill the knowledge gap concerning loan schemes. In total, the influence of consumer preference is evident: it directly affects loan adoption, repayment satisfaction, and long-term customer-bank relationships.

Discussion

The results of the research are consistent with the literature that names interest rates and service quality as key drivers of consumer choice in housing finance. In Rajasthan, ICICI Bank positioned itself as a trustworthy entity with competitive loan products, but consumer expectations keep changing. Borrowers are not just sensitive to price but also to service. In an increasingly competitive market, customers appreciate transparency, digital ease, and trust equally as they do low interest rates.

The existence of displeasure caused by concealed fees and complicated paperwork is a key observation. It reflects a disconnect between customer aspirations and real-time delivery of services. It is significant that notwithstanding a robust brand reputation, process inefficiencies can erode trust. The research points to the fact that customers favor banks with transparent loan processing, less paperwork, and proactive communication.

The age structure of borrowers indicates that middle-aged people (31–40 years) are the majority, which is also reasonable considering their stability and working stage. This holds significance for product design—ICICI can design housing loan schemes catering to this section specifically while also accommodating younger borrowers with flexible repayment schemes.

Finally, the conversation highlights that ICICI Bank's competitiveness will be driven by its capacity to match loan services to customers' demand. The bank needs to balance between price and quality service. Housing finance is not a matter of lending but also one of establishing long-term trust, and consumer choice is a driving force in guiding both demand and image.

Recommendations

- Streamline documentation processes for faster sanction.
- Enhance transparency by communicating all charges clearly.
- Shorten loan processing time through computer automation.
- Strengthen the grievance redressal process.
- Carry out awareness campaigns to inform consumers about loan schemes.
- Offer flexible repayment schemes for young professionals.

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