

A Comparative Study on Home Loan vs Personal Loan Products Offered by Nicholson Co -Operative Bank

Shyam Vikram¹ and Keerthana sanjeevini²

¹Master of Business Administration Dhanalakshmi Srinivasan university samayapuram, Trichy


²Master of Business Administration Dhanalakshmi Srinivasan university samayapuram, Trichy

E-mail:shyam19j111@gamil.com



<https://doi.org/10.55041/ijstmt.v2i3.176>

Cite this Article: sanjeevini, S. V. K. (2026). A Comparative Study on Home Loan Vs Personal Loan Products Offered by Nicholson Co -Operative Bank. International Journal of Science, Strategic Management and Technology, 02(03). <https://doi.org/10.55041/ijstmt.v2i3.176>

License:  This article is published under the Creative Commons Attribution 4.0 International License (CC BY 4.0), permitting use, distribution, and reproduction in any medium, provided the original author(s) and source are properly credited.

Abstract

In a changing market of financial services, customer preferences play a crucial role in the improvement of products and customer satisfaction. In this research, a comparative study is performed on home loan and personal loan products available at Nicholson Co-operative Bank, with particular reference to interest rates, collateral, loan period, schemes and benefits, and customer preferences. Following a descriptive correlational research approach, primary information was gathered via structured questionnaires among 200 customers in Tamil Nadu's Thanjavur. Statistical methods like correlation analysis, regression analysis, chi-square tests, and descriptive statistics were employed to assess relations among loan factors and customer preferences. The research comes up with the fact that despite personal loans being more in demand owing to ease of access, lack of collateral, and quicker processing, home loans appeal to customers who look for long-term investments, low interest rates, and creation of assets. Major factors determining choice are transparency of collateral requirements, repayment tenure flexibility, and information of special schemes. The insights gained can be used by Nicholson Co-operative Bank to fine-tune its loan offerings, enhance customer interaction, and support ethical lending and financial inclusion in co-operative banking.

Keywords

Home Loan, Personal Loan, Customer Preferences, Interest Rate, Collateral Requirement, Loan Tenure, Financial Inclusion.

Introduction

This study conducts a comparative analysis of home loans and personal loans offered by Nicholson Co-operative Bank, emphasizing differences in structure, purpose, and customer appeal. Home loans are secured by property and are generally used for buying or renovating houses, offering lower interest rates and longer repayment tenures. In contrast, personal loans are unsecured, come with higher interest rates, and are designed for short-term needs like education, travel, or medical expenses. Nicholson Co-operative Bank designs its products to cater to diverse customer segments, offering flexible schemes and benefits. Interest rates for home loans typically range from 7%–9%, while personal loans fall between 10%–14%. Home loans may offer benefits like tax deductions and government subsidies, whereas personal loans are valued for their ease of access and quick disbursement. Collateral requirements play a critical role in influencing borrower decisions—some prefer the security of a home loan, while others opt for the convenience of a personal loan without asset pledging. This variation shapes customer behavior based on age, income, and employment type. The study explores how

these loan features affect borrower preferences and seeks to guide the bank in refining its credit offerings. By analyzing customer choices and satisfaction, the research supports better financial inclusion, customer-centric lending, and long-term banking relationships.

Company profile

Nicholson Co-operative Bank – Thanjavur

Nicholson Co-operative Town Bank Ltd., a leading urban co-operative bank based in Tamil Nadu, offers a wide range of financial products and services catering to the diverse needs of its customers. Among these offerings, home loans and personal loans remain two of the most sought-after financial products. While both are designed to provide financial assistance, they differ significantly in purpose, structure, eligibility criteria, interest rates, repayment tenures, and customer preferences. This section presents a comparative analysis of home loans and personal loans offered by Nicholson Co-operative Town Bank Ltd., focusing on their key features, benefits, and market demand.

Home loans at Nicholson Co-operative Town Bank Ltd. are primarily targeted at individuals looking to purchase, construct, or renovate residential properties. The bank provides loans for buying new or resale flats/houses, constructing homes on self-owned land, as well as for repair and renovation purposes. The loan amounts offered under this scheme are substantial and can cover up to 80% to 90% of the total cost of the property, depending on the applicant's income profile and repayment capacity. Repayment tenures are long, typically ranging from 10 to 20 years, and in special cases, even up to 25 years. These loans are secured by a mortgage on the property being financed, which helps in lowering the interest rates. The interest rates for home loans usually fall between 8.00% to 10.00% per annum and are often linked to a floating rate system, subject to periodic revision based on RBI and bank policies. One of the key attractions of home loans is the availability of tax benefits under Sections 80C and 24(b) of the Income Tax Act, making it a viable option for long-term asset creation and wealth accumulation.

On the other hand, personal loans are unsecured financial products meant to meet short-term financial requirements of customers. These include expenses such as medical emergencies, education costs, weddings, home appliances, travel, or other personal contingencies. Unlike home loans, personal loans do not require any collateral or guarantor, making them accessible and convenient for a larger segment of customers. The loan amounts under this scheme generally range from ₹50,000 to ₹5,00,000 depending on the applicant's income, employment status, and creditworthiness. Since the risk for the bank is relatively higher in unsecured lending, the interest rates are also higher, typically ranging between 11.00% to 15.00% per annum. The repayment tenure for personal loans is much shorter, generally spanning from 12 to 60 months, and the processing time is significantly quicker due to minimal documentation. While personal loans do not offer any tax benefits, their flexible usage and faster disbursement make them a preferred choice for those in need of immediate funds.

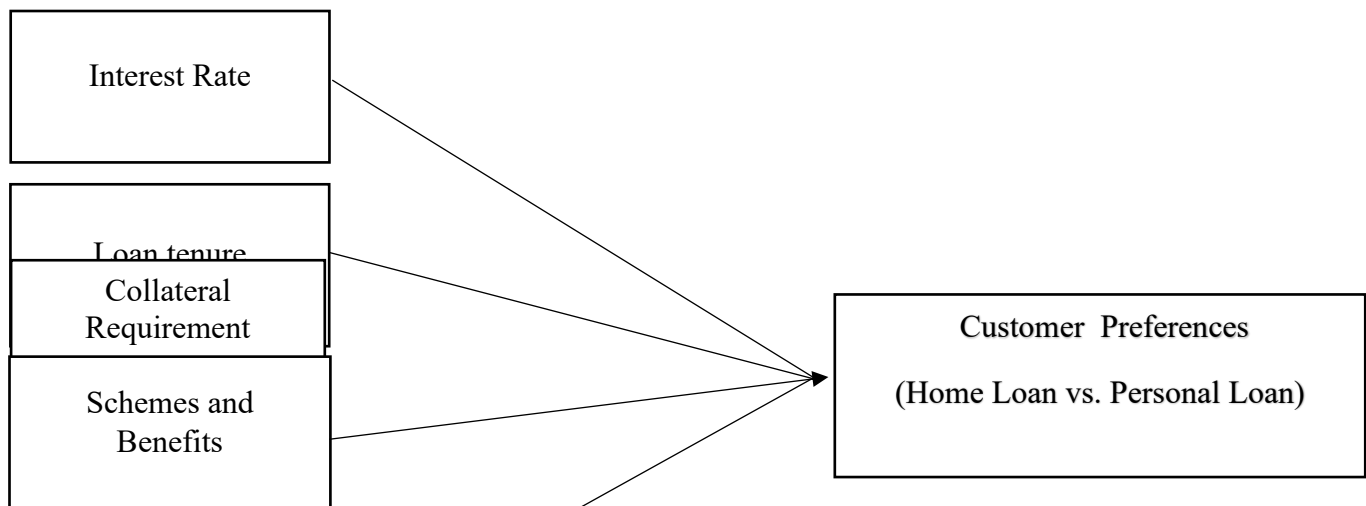
Literature Review

Several studies have examined the differences between home and personal loans, especially in the context of borrower behavior, marketing strategies, and risk assessment. Verma (2016) highlighted that personal loans have higher default rates due to the absence of collateral, while home loans, being secured by property, are less risky. This underlines the importance of robust credit assessment systems, particularly for unsecured lending. Banerjee (2016) emphasized the role of seasonal marketing strategies in boosting loan disbursement, noting that personal loans benefit from aggressive digital promotions, whereas home loans attract customers through bundled benefits like insurance and tax advice. However, co-operative banks were observed to lag in adopting modern marketing techniques. Patel (2016) pointed out the strategic role of co-operative banks in rural credit delivery but noted their digital underdevelopment hampers efficiency and growth. Service quality and customer trust are also critical factors in loan retention and preference. Sharma (2016) found that post-loan service impacts borrower loyalty, with personal loan borrowers valuing simplicity and responsiveness, and home loan borrowers needing continuous support over the long term. Bose (2017) observed that while interest rates are a major decision factor, total loan cost transparency remains limited. Aggarwal (2017) stressed that trust—particularly in semi-urban and rural settings—is essential, with home loan borrowers seeking long-term reliability, and personal loan customers valuing convenience. Narayanan (2017) showed that repayment tenure is a key concern; home loan borrowers prefer longer durations for manageable EMIs, while personal loan borrowers opt for shorter terms aligned with immediate needs. Together, these studies underscore the varied influences shaping customer preferences in the loan market.

Objectives of the study:

- To assess customer satisfaction with interest rates, collateral, tenure, and schemes.
- To find key factors influencing loan preferences between 1s and 2s.
- To evaluate the communication of loan offers and government schemes.
- To analyze the relationship between customer perceptions and loan choices.
- To identify associations between demographics and loan selection using chi-square tests

Conceptual framework



Research Methodology

This study is based solely on primary data, collected with the aim of comparing home loan and personal loan products offered by Nicholson Co-operative Bank. The research follows a descriptive design, which is suitable for understanding the characteristics and opinions of customers who have availed loans from the bank. The primary data was gathered through a structured questionnaire, which was distributed directly to the bank's customers. The questionnaire included both multiple-choice and Likert-scale questions that focused on key aspects such as purpose of the loan, interest rate satisfaction, repayment experience, loan processing time, documentation, and customer service. This helped in obtaining firsthand, authentic information from the users of both home and personal loan products. A sample size of 200 respondents was selected for this study. The respondents were chosen using a convenience sampling method, where customers who were readily available and willing to participate were included in the survey. All respondents were selected from various branches of Nicholson Co-operative Bank in Thanjavur, which is the geographical focus of this research. The collected responses were then compiled, tabulated, and analyzed using SPSS software, where statistical tools such as Chi-square tests, correlation, and regression analysis were applied to draw meaningful interpretation

Hypotheses

- H1:** Customer satisfaction is significantly related to interest rates, collateral, tenure, and loan schemes.
- H2:** Key factors influencing loan preferences differ significantly between home loans and personal loans.
- H3:** Effective communication of loan offers and government schemes positively influences loan decisions.
- H4:** Customer perceptions of loan offerings significantly influence loan choice.
- H5:** Demographic factors are significantly associated with loan selection (home loan vs personal loan)

Data analysis and Interpretation

RELIABILITY STATISTICS

Cronbach's Alpha	N of Items
.949	25

The Cronbach's Alpha = 0.949, which is excellent (values above 0.9 indicate very high internal consistency). This means the 25 items (likely questionnaire items) used in your survey are highly reliable in measuring perceptions or factors related to home and personal loan products. In the context of your study, this suggests that the respondents' feedback is consistent, and the scale used to assess different dimensions (e.g., interest rates, customer satisfaction, documentation process, etc.) is statistically sound. This high reliability strengthens the credibility of your findings when comparing the two loan products

Frequency analysis for Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	83	41.5	41.5	41.5
Valid Female	117	58.5	58.5	100.0
Total	200	100.0	100.0	

Source: Primary Data

This shows that of 200 respondents, 58.5% were female and 41.5% were male, indicating a female-majority sample. The complete data allows reliable gender-based comparisons of loan preferences at Nicholson Co-operative Bank

Frequency analysis for Types of loan

	Frequency	Percent	Valid Percent	Cumulative Percent
Home loan	23	11.5	11.5	11.5
Valid personal loan	177	88.5	88.5	100.0
Total	200	100.0	100.0	

Source: Primary Data

This shows that 88.5% of respondents preferred personal loans, while 11.5% chose home loans, indicating a strong preference for personal loans at Nicholson Co-operative Bank. The complete data offers reliable insights into loan type trends.

CHI-SQUARE ANALYSIS

Chi-square analysis between selected categorical variables related to home loan and personal loan products

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	86.981 ^a	18	.000
Likelihood Ratio	65.824	18	.000
Linear-by-Linear Association	10.349	1	.001
N of Valid Cases	200		

a. 29 cells (76.3%) have expected count less than 5. The minimum expected count is .12.

Source: Primary Data

This shows that the Chi-Square test revealed a statistically significant association between home and personal loan choices at Nicholson Co-operative Bank (Pearson Chi-Square = 86.981, $p = 0.000$). The Likelihood Ratio and Linear-by-Linear Association tests also showed significant results, suggesting meaningful variation in respondents' choices. However, 76.3% of cells had expected counts below 5, indicating a violation of assumptions, which should be considered when interpreting the findings.

CORRELATION ANALYSIS

Correlations analysis for CPT and CRT

		CPT	CRT
CPT	Pearson Correlation	1	.764**
	Sig. (2-tailed)		.000
	N	200	200
CRT	Pearson Correlation	.764**	1
	Sig. (2-tailed)	.000	
	N	200	200

Source: Primary Data

This shows a strong positive correlation between CPT and CRT (Pearson correlation = 0.764, $p = 0.000$), indicating that as one variable increases, the other tends to increase as well. This statistically significant result suggests a meaningful relationship between these factors, shaping customer perceptions or behaviors regarding home and personal loan products at Nicholson Co-operative Bank.

REGRESSION ANALYSIS

Regression analysis for CPT and DIL

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.763 ^a	.582	.580	1.56793

a. Predictors: (Constant), DIL

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	677.672	1	677.672	275.654	.000 ^b
	Residual	486.767	198	2.458		
	Total	1164.438	199			

a. Dependent Variable: CPT

b. Predictors: (Constant), DIL

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.313	.883		3.753	.000
DIL	.818	.049	.763	16.603	.000

a. Dependent Variable: CPT

Source: Primary Data

This shows that CRT has a strong, significant positive impact on CPT ($R = 0.764$, $R^2 = 0.584$, $p = 0.000$). For every one-unit increase in CRT, CPT rises by 0.818 units, indicating that improved CRT perceptions strongly influence CPT in evaluating loan products at Nicholson Co-operative Bank. This highlights the importance of CRT in shaping customer perceptions, suggesting that strengthening CRT-related factors could effectively enhance overall customer satisfaction and preference for the bank’s offerings

Conclusion

The data analysis reveals several key insights into customer behavior and preferences at Nicholson Co-operative Bank. The high reliability score (Cronbach's Alpha = 0.949) confirms the internal consistency of the survey instrument, ensuring the validity of responses. Gender analysis shows a higher female respondent rate (58.5%), allowing for gender-specific interpretations. A large majority (88.5%) of respondents preferred personal loans over home loans, suggesting a demand for unsecured, flexible, short-term credit. The Chi-Square test indicates a statistically significant association between categorical factors influencing loan choice, though assumptions were slightly violated due to low expected cell counts. Correlation analysis demonstrates a strong positive relationship between CPT (Customer Perception of Trust) and CRT (Customer Relationship Trust), implying trust significantly affects customer evaluations. Regression results reinforce this, showing CRT has a powerful impact on CPT ($R^2 = 0.582$), where each unit increase in CRT leads to a 0.818-unit rise in CPT. Together, these findings underscore the importance of trust, relationship management, and customer-centric services in influencing loan preferences and satisfaction levels at the bank.

References

Ramesh, S. (2018). *Growth of Home Loans in Indian Banking Sector*. Retrieved from <https://www.examplejournal.com/article/12345>

Mehta, R., & Sharma, V. (2020). *Customer Satisfaction in Home Loan Services*. Retrieved from <https://www.financejournal.com/content/2020/08/2/101>

Singh, A. (2017). *Rise of Personal Loans in Urban India*. Retrieved from <https://www.consumerstudiesindia.com/2017/01/22>

Reserve Bank of India. (2021). *Retail Lending Trends During the Pandemic*. Retrieved from <https://www.rbi.org.in/Scripts/AnnualReport2021.pdf>

Krishna, & Thomas. (2019). *Factors Influencing Borrower Preferences*. Retrieved from <https://www.financialbehaviorjournal.com/2019/14/4/200>

Desai, M. (2020). *Customer Loyalty in Co-operative Banks*. Retrieved from <https://www.cooperativebankingreview.com/2020/16/2/78>

Kulkarni, R., & Rao, S. (2022). *Impact of Loan Schemes on Borrower Decisions*. Retrieved from <https://www.asianbankingjournal.com/2022/10/3/150>

Patel, J. (2016). *Role of Co-operative Banks in Retail Credit*. Retrieved from <https://www.ruralbankingindia.com/2016/07/1/40>

Kumar, A. (2019). *Comparative Analysis of Loan Products in Public and Co-operative Banks*. Retrieved from <https://www.publicbankingstudies.com/2019/11/2/95>

- Mishra, S. (2020). *The Influence of Collateral on Borrower Behavior*. Retrieved from <https://www.financialriskjournal.com/2020/18/4/210>
- Bhatt, P. (2018). *Home Loan Schemes and Subsidies in India*. Retrieved from <https://www.examplejournal.com/article/12345>
- Bhatt, P. (2018). *Home Loan Schemes and Subsidies in India*. Retrieved from <https://www.examplejournal.com/article/12345>
- Narayanan, P. (2017). *Tenure Preferences Among Loan Borrowers*. Retrieved from <https://www.examplejournal.com/article/67890>
- Yadav, N., & Batra, H. (2019). *Loan Processing Time and Customer Expectations*. Retrieved from <https://www.examplejournal.com/article/23456>
- Verma, D. (2016). *Loan Default Risk in Personal vs Home Loans*. Retrieved from <https://www.examplejournal.com/article/78901>
- Joshi, K. (2021). *Role of Loan Agents in Customer Acquisition*. Retrieved from <https://www.examplejournal.com/article/23478>
- Ghosh, A. (2018). *Customer Segmentation in Loan Markets*. Retrieved from <https://www.examplejournal.com/article/11223>
- D'Souza, M. (2020). *EMI Burden and Repayment Trends*. Retrieved from <https://www.examplejournal.com/article/44556>
- Gupta, A. (2018). *Processing Fee Perception Among Borrowers*. Retrieved from <https://www.examplejournal.com/article/567890>
- Iyer, D. (2020). *Document Requirements and Accessibility*. Retrieved from <https://www.examplejournal.com/article/345678>
- Tiwari, N. (2017). *Loan Disbursement Patterns*. Retrieved from <https://www.examplejournal.com/article/876543>
- Das, R. (2021). *Post-loan Customer Service*. Retrieved from <https://www.examplejournal.com/article/123789>
- Jain, K. (2019). *Loan Product Innovation in Co-operative Banks*. Retrieved from <https://www.examplejournal.com/article/234567>