



EVALUATING FAIR PRACTICES CODE COMPLIANCE IN INDIA'S HOUSING FINANCE SECTOR: A COMPARATIVE STUDY OF BANKS, HFCS, BORROWERS' & LENDERS' PERCEPTION



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Abstract

The housing loan sector in India has witnessed exponential growth, making transparency and informed decision-making critical for sustainable market development. To promote transparency, both the Reserve Bank of India (RBI) and the National Housing Bank (NHB) have mandated that lending institutions adhere to a Fair Practices Code (FPC). However, despite these guidelines, rising consumer complaints indicate a gap between regulatory expectations and actual practices. This study aims to empirically examine the compliance of FPC norms among Banks and Housing Finance Companies (HFCs), as perceived by lending officials and borrowers. Primary data were collected from 294 borrowers and 102 lending branches using structured questionnaires. The findings reveal significant discrepancies not only between banks and HFCs in their compliance levels but also between the perceptions of borrowers and lenders. The results underscore the existence of information asymmetry, contributing to borrower dissatisfaction and potential market inefficiency. Recommendations are offered for improving FPC implementation and harmonizing borrower-lender expectations to ensure a more transparent and fair lending environment.

Keywords: *Borrower Perception; Fair Practices Code (FPC); Financial Regulation; Housing Finance, Information Asymmetry, Transparency*

JEL: *C12, C83, D81, G18, G21*

Introduction

Borrowers have to make various decisions related to their loan products. Home loans are one of the most essential loan products for the service class nowadays, making these decisions of utmost importance to borrowers. The very first decision taken by a prospective home loan borrower is regarding the institution to be approached for the loan. Since the duration of this home loan service is lengthy and the borrower-lender relationship is expected to continue for a long period, the borrowers prefer to choose a lender after an extensive information search.

The different sources of information for prospective borrowers include promotional activities, official lenders' websites, bank officials, friends, colleagues, and relatives. This indicates that the source of information can either be the lenders themselves or an existing borrower who provides information to a prospective borrower. If an existing borrower does not possess the correct and adequate information about his loan product, the inadequate or incorrect information will

continue to flow from one borrower to another. This will hinder the process of informed decision-making. Further, the bitter experience of an existing borrower may deter a prospective borrower from availing of a home loan or from a particular lender.

Hence, in 2003, the Reserve Bank of India (RBI) came up with some broad guidelines to be adopted by the banks and other financial institutions to develop their own fair practices code. And, in 2016, the National Housing Bank (NHB), the regulator of Housing Finance Companies (HFCs), came up with a general fair practices code to be complied with by all HFCs. Therefore, at present, both of the major players in the Indian Housing Finance Market have a Fair Practices Code (FPC) to disseminate information among the borrowers to facilitate transparency in transactions between the borrowers and lenders.

Practicing Fairly the Fair Practices Code (FPC)

Despite having guidelines for disclosing essential information about loan products through the FPC, lending institutions have proven inefficient in facilitating transparency in transactions and enabling informed decision-making. There is evidence of non-compliance with the FPC, which has caused borrowers to suffer. As per the RBI report, as reported by the Press Trust of India in February 2021, consumer complaints against banking services have increased by 57% for the year to June 30, 2020. According to the RBI's annual report on Ombudsman Schemes, the majority of complaints are related to services at ATMs or with debit cards, mobile or electronic banking and non-compliance with the Fair Practices Code (FPC). Similarly, complaints against Non-Banking Financial Companies (NBFCs) have reportedly risen by 387% in 2019-2020, and the majority (36.29%) of complaints are regarding non-compliance of FPC. The data indicates dissatisfaction among borrowers, which has resulted from being deprived of informed decision-making.

The problem might lie in the fact that the lenders perceive that they are abiding by the FPC norms, but the borrowers might not perceive it in the same way. Hence, there might be a gap between what lenders feel and how borrowers perceive their experience. Additionally, while complaints about non-compliance with the FPC are rising for both banks and NBFCs, it is crucial to investigate whether banks and HFCs, as the two major players in the housing finance market, differ in their compliance with the FPC. Inappropriate disclosure creates information asymmetry, which can lead to inefficiencies in the housing finance market and hinder its growth; therefore, it is essential to practice the Fair Practices Code (FPC) effectively. Therefore, an effort has been made to analyse those areas through empiricism.

Literature Review

In the words of Springler and Wagner [1], an inappropriate disclosure creates market failure. Kurlat and Stroebe [2] opined that informational asymmetry exists in the real estate market, which can severely destabilise its liquidity. According to Moss, Dincer, & Hacıoglu [3], the regulatory bodies should ensure “transparency, better disclosure, improved financial literacy” and “discourage improper conduct in credit granting”. At present, both of the major players in the Indian housing finance market have a fair practices code to disseminate information among the borrowers to facilitate transparency in transactions between the borrowers and lenders so that the borrowers can better understand what they can expect from their lenders (as per the NHB Master Circular—Fair Practice Code, July 1, 2016). Other than facilitating transparency in transactions between borrowers and lenders, the objectives with which the codes were developed include promoting beneficial and fair practices, encouraging market forces, fostering customers' confidence in the housing finance system and promoting fair and cordial relationships between borrowers and lenders (as per the NHB Master Circular – Fair Practice Code, July 1, 2016).

In the words of Green [4], “With loan products, the prospect of being a homeowner was irresistible to many families who never thought they would be able to become homeowners.” But according to them, asymmetrical information, agency problems, and increasing competitiveness have paved the way for market failure. They stated that lenders did not differentiate between homeowners and investor properties. Further, they have also mentioned the resultant increase in home ownership due to tax benefits given by the government. But, for borrowers having low credit ratings, incidents like joblessness or illness prompt default. Furthermore, an inappropriate disclosure creates market failure. They

suggested that lenders should make efforts to improve disclosures to prevent potential payment shocks. And “predatory lending” should be defined and punished.

Kurlat & Stroebe [2] indicated the existence of information asymmetry in the real estate market. Instead of legal disclosure requirements, considerable information asymmetry lingers in the market. According to them, this differential information creates a comparatively advantageous situation for those who are better informed and vice versa. Hence, one possessing superior information over the other can exploit it easily.

To aid growth in the housing finance market, RBI issued guidelines from time to time. With the objective of facilitating transparent and fair lending practices, RBI instructed all banks to form their Fair Practices Code (FPC) on the basis of guidelines issued. Accordingly, all banks have their Fair Practices Code (FPC) to render fair and transparent lending services. Furthermore, NHB has formulated the Fair Practices Code (FPC) to be followed by all Housing Finance Companies (HFC). Therefore, both banks and HFCs have their Fair Practices Code (FPC). However, after examination, it was found that there were both common items and a substantial number of uncommon items in the FPCs of the existing lending companies. These divergent codes create problems for the borrowers. So far almost negligible research has been undertaken in this area. A research gap exists, and there is a dire need to empirically analyze the items of FPCs and arrive at a standardized FPC.

Objectives of the Study

The review of literature and discussions with many home loan borrowers and lending institution officials suggest that while bank and HFC officials believe they comply with the FPC, many borrowers feel that the lenders' representatives have not provided all information required by the FPC. Hence, it has been attempted:

- i. To find out the extent to which banks and housing finance companies (HFCs) are complying with the fair practices code, as perceived by the lending institutions' officials, and if there is any significant difference between the two groups.
- ii. To find out if perceptions of borrowers differ significantly regarding FPC compliance by banks and HFCs.
- iii. To find out whether gaps exist between the perceptions of home loan borrowers and lenders regarding the FPC compliance.

Methodology

Sampling and Data Collection Procedure:

The study is mostly based on the collection, processing, analysis and interpretation of primary data collected with the help of two separate sets of structured questionnaires self-administered by borrowers who have subscribed to home loans and representatives of lending institutions. The questionnaires were based on a five-point bipolar Likert scale ranging from +2 to -2 to measure the perception of borrowers and lenders regarding FPC compliance, where +2 indicates strongly agree, +1 indicates agree, 0 indicates neutral, -1 indicates disagree and -2 indicates strongly disagree. The questionnaire was pilot tested on 20 borrowers and 20 lenders and then revised by removing the defects. The collected data was scrutinised, and 294 cases involving borrowers and 102 cases involving lending branches were found to be suitable and selected for the study. The data were analysed using appropriate statistical tools, like MS Excel and the statistical software "Statistical Package for Social Sciences" (SPSS), Statistics 23.

Statistical techniques used were descriptive statistics and independent sample t-tests.

Hypothesis:

For the purpose of the study, several hypotheses have been constructed on the basis of literature reviewed and the objectives of the study.

Following the first objective of the study, the hypothesis constructed is

H₀: There is no difference between the banks and HFCs in FPC compliance, as perceived by lenders.

H₁: There is a difference between the banks and HFCs in FPC compliance, as perceived by lenders.

For the second objective, the following hypothesis has been constructed:

H₀: There is no difference between the banks and HFCs in FPC compliance, as perceived by borrowers.

H₁: There is a difference between the banks and HFCs in FPC compliance, as perceived by borrowers.

The hypothesis for the third objective is stated as follows:

H₀: Borrowers' and lenders' perceptions regarding Fair Practices Code compliance with the lending institutions do not differ significantly.

H₁: Borrowers' and lenders' perceptions regarding Fair Practices Code compliance by the lending institutions differ significantly.

Result

Table 1 presents a comparative analysis of Fair Practices Code (FPC) compliance between banks and Housing Finance Companies (HFCs), based on responses from lending institutions. Each item reflects a specific FPC compliance aspect, with mean scores indicating the perceived level of compliance for banks and HFCs, respectively. The 'GAP' column shows the difference in mean scores (Bank - HFC), while the t-values indicate the statistical significance of these differences.

Table 1: FPC Compliance Gap Analysis between Banks and HFCs- Response from Lending Institutions

	FPC Items	Bank_Mean	HFC_Mean	GAP	t-values
1.	The borrowers are informed about the amounts of processing fees and other charges that I will have to pay.	1.63	1.72	-0.09	-0.693
2.	They are also informed about the amount of the fee that will be refunded if the loan is not sanctioned.	0.58	1.44	-0.86	-3.548*
3.	The bank/HFC provides an acknowledgement of receipt for the application.	1.42	1.56	-0.14	-0.753
4.	They also inform about conversion fees in cases where loans are converted from fixed to floating and vice versa.	0.61	0.72	-0.11	-0.659
5.	They also disclose the information about the penalty in case of delayed payments.	0.59	-0.61	1.2	4.07*
6.	The information provided in the application form about terms and conditions enables the borrowers to compare the loan products of my HFC/bank with those offered by other lenders.	0.49	0.44	0.05	0.191
7.	The bank/HFC also informs us about the payment options and prepayment charges.	1.16	1.44	-0.28	-1.915
8.	They also inform about the time required for processing.	1.39	1.83	-0.44	-3.327*
9.	They inform about the sanction of the loan in writing.	1.76	1.72	0.04	0.265
10.	The Bank/HFC explains about various terms & conditions regarding rate of interest, EMI structure, prepayment charges, etc.	1.41	1.83	-0.42	-3.501*

11.	They also do inform if there are any changes in terms and conditions.	0.59	0.72	-0.13	-0.78
12.	Various features of my loan are regularly communicated to the borrowers.	0.63	0.72	-0.09	-0.535
13.	They keep borrowers informed about changes in interest rates (for adjustable rates) and their effect on the amount & number of EMIs.	0.4	0.94	-0.54	-1.962
14.	The Bank/HFC staff have explained the consequences of default.	1.35	1.06	0.29	0.794
15.	They inform about the circumstances under which information will be passed to credit rating agencies and its further consequences.	1.25	1.06	0.19	0.538
16.	The bank/HFC explains about the repayment process (amount, tenure, periodicity, etc.).	1.75	1.83	-0.08	-0.844
17.	The bank/HFC also explains the procedure for overdue recovery (reminder, followed by personal visits and finally repossession of property).	0.66	0.22	0.44	1.108
18.	The Bank/HFC communicates the procedure for handling complaints (how, where & whom to complain to).	-0.23	0.11	-0.34	-1.205
19.	They also communicate when to expect a reply.	0.39	-0.22	0.61	1.537
20.	Further, they also explain what to do if not satisfied with the solution (i.e., the customer may approach NHB at their address or website).	0.07	-0.17	0.24	0.589
21.	The grievance redressal procedure is available on the Bank's/HFC's website.	1.64	2	-0.36	-4.169*
22.	The website also displays the address and website, which the customer may approach if not satisfied with the redressal of his/her complaint.	1.42	1.72	-0.3	-1.877
23.	The Bank/HFC provides acknowledgement for receipt of a written complaint.	1.55	-0.06	1.61	5.234*
24.	The bank/HFC has provided a copy of the FPC.	-0.75	-0.22	-0.53	-1.042
25.	The FPC is also available at the bank's/HFC's website.	1.11	1.56	-0.45	-2.387*

Source: Author's computation from collected data

Notes: * implies significant at 5%

The results shown in table 1 highlight key areas where HFCs or banks either outperform or lag in ensuring transparency and communication with borrowers.

As presented in table 2, banks outperform HFCs significantly in disclosing penalties for delayed payments and by providing written acknowledgements for complaints lodged by borrowers. HFCs perform significantly better than banks in several areas, including informing borrowers about refundable fees when a loan is not sanctioned, providing information on the time required for loan processing, explaining important loan terms such as interest rate structure, EMI schedule, and prepayment charges, making grievance redressal procedures available online, and ensuring that the Fair Practices Code is accessible on their websites.

Table 2: 't' values for Banks and HFCs Comparison_Perception of Lending Institutions' Officials_Items having significant differences

We also explain to them about the amount of penalty they might have to pay in case of delayed payments.	4.07
The Bank/HFC provides acknowledgement for receipt of written complaint.	5.234
We also inform them about the amount of fee that will be refunded if the loan is not sanctioned.	-3.548
We inform them about the time required for processing.	-3.327
We explain to our customers about various terms & conditions regarding rate of interest, EMI structure, prepayment charges, etc.	-3.501
The grievance redressal procedure is available on the Bank's/HFC's website.	-4.169
The FPC is also available at the Bank's/HFC's website.	-2.387

Source: Author's computation from collected data

Since the value of t for the above variables exceeds the limit of 1.697 at the 5% level of significance, H_0 is not accepted, and it can be concluded that the difference between two means is significant at the 95% level of confidence. The ones with the value greater than 1.697 indicate that the banks are complying with the FPC norms comparatively more than the HFCs, whereas the ones with the t value less than -1.697 indicate that the HFCs are complying with the FPC norms comparatively more than the banks.

While HFCs show better performance in areas related to transparency, such as information disclosure, online availability of grievance procedures, and clarity in loan terms, banks demonstrate stronger performance in operational responses, particularly in acknowledging complaints and disclosing penalties.

Table 3 presents a comparative analysis of borrowers' perceptions regarding Fair Practices Code (FPC) compliance by Banks and Housing Finance Companies (HFCs). The analysis is based on borrowers' responses, using mean scores to capture the degree of agreement across 25 items. A gap value has been computed to highlight the difference between banks and HFCs.

Table 3: FPC Compliance Gap Analysis between Banks and HFCs- Response of the Home Loan Borrowers

	FPC Items	Bank_Mean	HFC_Mean	GAP	t-values
1.	When I approached the bank/HFC for the home loan, I was told about the amounts of processing fees and other charges that I will have to pay.	-0.06	-0.19	0.13	0.823
2.	I was also informed about the amount of the fee that will be refunded if the loan is not sanctioned.	-0.76	-0.32	-0.44	-3.335*
3.	My bank/HFC has provided me with an acknowledgement of receipt for my application.	0.04	-0.37	0.41	2.812*
4.	They also informed me about conversion fees in case the loan is converted from fixed to floating and vice versa.	-0.52	-0.72	0.2	1.218
5.	They also disclosed information about the penalty in case of delayed payments.	-0.64	-0.96	0.32	2.575*

6.	The information provided in the application form about terms and conditions enables us to compare the loan product of my HFC/bank with the same offered by other lenders.	-0.73	-1.02	0.29	1.886
7.	The Bank/HFC also told me about the prepayment options and prepayment charges.	-0.07	-0.3	0.23	1.563
8.	They also told me about the time required for processing.	0.33	1.16	-0.83	-9.09*
9.	They informed me about the sanction of the loan in writing.	1.19	1.7	-0.51	-6.116*
10.	The bank/HFC has explained to me about various terms & conditions regarding rate of interest, EMI structure, prepayment charges, etc.	-0.13	-0.3	0.17	1.104
11.	They also inform me of any changes in terms and conditions.	-1.14	-1.05	-0.09	-0.645
12.	Various features of my loan are regularly communicated to me.	-1.18	-1.06	-0.12	-0.847
13.	They keep me informed about changes in interest rates (for adjustable rates) and their effect on the amount & number of EMIs.	-1	-1.37	0.37	3.032*
14.	The bank/HFC staff have explained to me the consequences of default.	-0.77	-0.74	-0.03	-0.192
15.	They informed me about the circumstances under which information will be passed to credit rating agencies and their further consequences.	-1.43	-1.31	-0.12	-1.524
16.	The Bank/HFC explained to me about the repayment process (amount, tenure, periodicity, etc.).	0.72	1.01	-0.29	-2.965*
17.	The Bank/HFC also explained the procedure for overdue recovery, which includes reminders, personal visits, and finally repossession of property.	-1.21	-1.27	0.06	0.78
18.	The Bank/HFC has communicated the procedure for handling complaints (how, where & whom to complain to).	-1.63	-1.62	-0.01	-0.124
19.	They also communicated when to expect a reply.	-1.61	-1.86	0.25	3.548*

20.	Further, they also explained what to do if not satisfied with the solution (i.e., the customer may approach NHB at their address or website).	-1.79	-1.91	0.12	2.858*
21.	The grievance redressal procedure is available on the bank's/HFC's website.	-0.29	0.21	-0.5	-7.347*
22.	The website also displays the address and website, which the customer may approach if not satisfied with the redressal of his/her complaint.	-0.32	0.22	-0.54	-7.368*
23.	The Bank/HFC provides acknowledgement for receipt of a written complaint.	-0.12	-0.1	-0.02	-0.396
24.	My bank/HFC has provided me with a copy of the FPC.	-1.51	-1.75	0.24	3.054*
25.	My bank/HFC has provided me with a copy of the FPC.	-0.06	-0.04	-0.02	-0.467

Source: Author's computation from collected data

Notes: * implies significant at 5%

Table 3 shows that banks significantly outperform HFCs in acknowledging application receipt, disclosing penalties for delayed payments, communicating changes in interest rates and EMI impacts, providing FPC copies to customers, informing about complaint response timelines, and outlining next steps if a customer is unsatisfied with the complaint resolution.

Whereas, as perceived by borrowers, HFCs perform significantly better than banks in informing about the time required for loan processing, providing written sanctions of the loan, explaining the repayment process and providing availability of grievance redressal details on the website. Hence, HFCs may be more proactive in digital transparency and in setting borrower expectations regarding loan processing and sanction timelines.

Table 4 shows the mean scores regarding FPC compliance from borrowers and lenders. The 'GAP' column shows the difference in mean scores (Borrowers_Mean - Lenders_Mean) to quantify the difference in perception. Furthermore, *t*-values are provided to assess the statistical significance of these differences.

Table 4: FPC Compliance Gap Analysis between Borrowers and Lenders

	FPC Items	Borrowers_Mean	Lenders_Mean	GAP	<i>t</i> -values
1.	The borrowers are informed about the amounts of processing fees and other charges that I will have to pay.	-0.09	1.64	-1.73	-17.099*
2.	They are also informed about the amount of the fee that will be refunded if the loan is not sanctioned.	-0.64	0.73	-1.37	-11.637*
3.	The bank/HFC provides an acknowledgement of receipt of application.	-0.07	1.45	-1.52	-11.628*
4.	They also inform about conversion fees in case of conversion of a loan from fixed to floating and vice versa.	-0.57	0.63	-1.2	-9.614*

5.	They also disclose the information about the penalty in case of delayed payments.	-0.73	0.38	-1.11	-7.212*
6.	The information provided in the application form about terms and conditions enables the borrowers to compare the loan product of my HFC/bank with the same offered by other lenders.	-0.81	0.49	-1.3	-9.025*
7.	The Bank/HFC also informs us about the prepayment options and prepayment charges.	-0.13	1.21	-1.34	-13.444*
8.	They also provide information regarding the time required for processing.	0.55	1.47	-0.92	-8.772*
9.	They inform about the sanction of the loan in writing.	1.33	1.75	-0.42	-4.744*
10.	The bank/HFC explains various terms & conditions regarding rate of interest, EMI structure, prepayment charges, etc.	-0.17	1.49	-1.66	-17.365*
11.	They also inform borrowers about any changes in terms and conditions.	-1.12	0.61	-1.73	-13.733*
12.	Various features of my loan are regularly communicated to the borrowers.	-1.15	0.64	-1.79	-13.33*
13.	They keep borrowers informed about changes in interest rates (for adjustable rates) and their effect on the amount & number of EMIs.	-1.1	0.5	-1.6	-10.79*
14.	The bank/HFC staff have explained the consequences of default.	-0.76	1.3	-2.06	-14.576*
15.	They inform clients about the circumstances under which information will be shared with credit rating agencies and the subsequent consequences.	-1.4	1.22	-2.62	-22.059*
16.	The bank or housing finance company (HFC) explains the repayment process, including the amount, tenure, and periodicity.	0.8	1.76	-0.96	-13.528*
17.	The Bank/HFC also explains the procedure for overdue recovery, which includes sending reminders, making personal visits, and ultimately repossessing property.	-1.23	0.58	-1.81	-12.13*
18.	The bank/HFC communicates the procedure for handling complaints (how, where & whom to complain to).	-1.62	-0.17	-1.45	-11.012*
19.	They also communicate when to expect a reply.	-1.68	0.28	-1.96	-13.298*
20.	Further, they also explain what to do if not satisfied with the solution (i.e., the customer may approach NHB at their address or website).	-1.83	0.03	-1.86	-12.528*
21.	The grievance redressal procedure is available on the bank's/HFC's website.	-0.16	1.7	-1.86	-22.53*

22.	The website also displays the address and website, which the customer may approach if not satisfied with the redressal of his/her complaint.	-0.17	1.48	-1.65	-15.297*
23.	The Bank/HFC provides acknowledgement for receipt of a written complaint.	-0.12	1.27	-1.39	-12.431*
24.	The bank/HFC has provided a copy of the FPC.	-1.57	-0.65	-0.92	-5.918*
25.	The FPC is also available at the bank's/HFC's website.	-0.06	1.19	-1.25	-9.793*

Source: Author's computation from collected data.

Notes: * implies significant at 5%

The results reveal a consistent and significant perception gap, suggesting that while lenders believe they are compliant with FPC guidelines, borrowers often do not share this view. These disconnects point out the need for improved communication, documentation, and transparency to ensure borrowers are fully informed and empowered in their financial dealings.

Discussion

The findings of this study highlight a persistent gap between the intended objectives of the Fair Practices Code (FPC) and its practical implementation in India's housing finance sector. Despite regulatory frameworks by the Reserve Bank of India (RBI) and National Housing Bank (NHB), borrowers often perceive incomplete disclosure of critical loan-related information, while lenders largely believe they are compliant. This perception gap, evident in areas such as grievance redressal, processing fees, refund policies, and the communication of loan terms, is consistent with recent scholarship that emphasises the challenges of regulatory compliance in emerging economies' financial systems [5].

The comparative analysis further suggests that while Housing Finance Companies (HFCs) excel in transparency through better disclosure of sanction timelines and online grievance mechanisms, banks are more reliable in operational aspects such as complaint acknowledgement and penalty disclosures. This duality aligns with recent research indicating that fintech-driven housing finance institutions often outperform traditional banks in borrower communication but may struggle with robust redressal systems [6, 7].

Moreover, the evidence of significant borrower–lender perception differences underscore the presence of information asymmetry, a challenge that continues to impede efficiency in credit markets globally [8, 9]. The surge in borrower complaints documented by the RBI Ombudsman also supports the argument that compliance alone is insufficient without effective communication and borrower financial literacy. Recent studies have recommended the standardisation of compliance frameworks and borrower-centric approaches to restore trust and fairness in lending practices [10].

Thus, while regulatory intent has laid the foundation for fair housing finance practices, the implementation requires systemic reforms—particularly in harmonising disclosure standards across institutions, enhancing borrower awareness programmes, and imposing stricter monitoring mechanisms. Bridging these gaps is critical for creating a more transparent, efficient, and equitable housing finance market in India.

Conclusion

The empirical findings of this study establish that although both banks and HFCs claim to comply with the Fair Practices Code (FPC), significant perceptual gaps exist between borrowers and lenders. The data indicates that borrowers often feel inadequately informed on key aspects such as processing fees, refund policies, grievance redressal mechanisms, and terms and conditions of the loan—despite lender claims to the contrary.

Moreover, differences were observed between banks and HFCs in terms of specific FPC compliance metrics. While HFCs were found to outperform banks on certain disclosure elements (e.g., processing time, refund information), banks generally fared better in grievance handling and document availability on websites.

The stark perceptual gap between lenders and borrowers suggests failure not merely in compliance but in effective communication and implementation. This underscores the need to standardise FPC elements across institutions and enhance monitoring mechanisms. Additionally, improving financial literacy among borrowers and introducing stricter penalties for non-compliance could significantly narrow these gaps and foster a more efficient and fair housing finance market.

Conflict of Interest

The author declares that she has no conflict of interest.

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