



Study on Loan and Credit Services Offered by State Bank of India in Nagpur

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Abstract

This paper investigates the study, loan, and credit services provided by the State Bank of India (SBI) and evaluates customer satisfaction levels related to these services. The study also examines the challenges faced by customers during the loan application process and provides suggestions for future improvements. Through an analysis of various loan offerings such as student loans, personal loans, and home loans, this paper aims to provide insights into the effectiveness of SBI's services and their impact on customer satisfaction. Additionally, it identifies the problems that customers face when applying for loans and explores future directions for enhancing the banking experience.

Keywords: - State Bank of India, Establishment and Organization, Objectives, Customer Services offered by SBI

I. INTRODUCTION

State Bank of India is an Indian multinational public sector bank and financial services statutory body headquartered in Mumbai, Maharashtra. State Bank of India 43rd largest bank in the world and ranked 221st in the Fortune Global 500 list of the world's biggest corporations of 2020. being the only Indian bank on the list It is a public sector bank and the largest bank in India with a 23% market share by assets and a 25% share of the total loan and deposits market. It is also the 5th largest employer in India with nearly 250,000 employees.

The bank descends from the Bank of Calcutta, founded in 1806 via the Imperial Bank of India. making it the oldest commercial bank in the Indian subcontinent. The Bank of Madras merged into the other two presidency banks in British India, the Bank of Calcutta and the Bank of Bombay, to form the Imperial Bank of India, which in turn became the State Bank of India in 1955. Overall, the bank has been formed from the merger and acquisition of nearly twenty banks over the course of its 200-year history. The Government of India took control of the Imperial Bank of India in 1955, with Reserve Bank of India taking a 60% state, renaming it State Bank of India.

The **State Bank of India (SBI)** is one of the largest public sector banks in India, providing a range of banking services including study loans, personal loans, home loans, and credit

services. With the growing demand for financial assistance, particularly for educational purposes, SBI has tailored several loan products to meet the diverse needs of its customers. The bank plays a pivotal role in empowering individuals, especially students, by providing financial support for higher education, both within India and abroad.

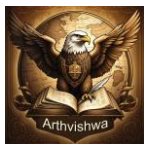
This research aims to examine the **study, loan, and credit services** provided by SBI, assess customer satisfaction, identify the challenges faced by customers during the loan application process, and suggest future improvements.

II. ROLE OF LOAN AND CREDIT SERVICES OFFERED IN SBI

The loan services offered by the State Bank of India (SBI) play a crucial role in supporting individuals, businesses, and industries by providing financial assistance for various needs. Here are the key roles of SBI's loan services:

Financial Assistance to Individuals

- Home Loans – Help individuals buy, build, or renovate houses.
- Personal Loans – Provide funds for emergencies, travel, weddings, education, or other personal expenses.
- Car Loans – Assist in purchasing new or used vehicles.
- Education Loans – Support students in pursuing higher studies in India or



abroad.

- **Support for Businesses & Industries**
- MSME Loans – Help small and medium enterprises with working capital and expansion.
- Corporate Loans – Provide funding for large businesses and industries

Credit Facilities

- **Eligibility Criteria:** Borrowers must meet SBI's financial, employment, and credit history requirements.
- **Creditworthiness Assessment:** SBI evaluates the borrower's CIBIL score, income stability, and repayment capacity before sanctioning a loan.
- **Purpose of Loan:** The credit facility should be used only for the approved purpose, such as home purchase, business expansion, or working capital.
- **Repayment Terms:** The bank specifies EMI (Equated Monthly Installments), interest rates (fixed/floating), and tenure at the time of loan sanction.

III. CUSTOMERS FACING PROBLEM WHILE APPLYING FOR LOANS IN SBI

Despite its prominent position in the Indian banking sector, customers often face challenges while applying for loans in SBI. Some common problems include:

1. **Lengthy Documentation Process:** Customers often complain about the extensive documentation required for loan approval, especially for **personal and education loans**. This process can be time-consuming and complex.
2. **Loan Processing Delays:** While SBI has taken steps to expedite loan processing, customers frequently report delays, particularly for **home loans** and **personal loans**, which may impact their plans.
3. **High-Interest Rates for Some Loan Products:** While SBI offers competitive rates, some customers perceive the interest rates for certain products, like **personal loans** and **home loans**, to be higher compared to competitors.

(For Example: SBI Personal Loan @11.45% Interest Rate - Loan up to ₹ 20 lakh)

Limited Flexibility in Repayment Options:

While SBI provides flexible repayment tenures for its loans, some customers feel

there is limited flexibility when it comes to changing the loan structure, especially in case of financial difficulties

IV. CUSTOMER SATISFACTION IN LOAN AND CREDIT SERVICES

Customer satisfaction is a critical aspect of any banking service, especially in the context of loan products, which involve significant financial commitment. SBI's loan services, which include **education loans, personal loans, home loans, and credit facilities**, are designed to address the financial needs of a wide range of customers.

To evaluate customer satisfaction, several factors need to be considered:

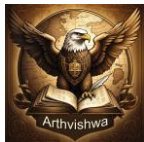
1. **Loan Processing Time:** A key determinant of satisfaction. Customers generally prefer quick loan processing with minimal documentation.
2. **Interest Rates:** Competitive interest rates are crucial to customer satisfaction. SBI's rates are generally considered reasonable, though customers sometimes compare them to other banks' offers.
3. **Customer Support:** Assistance provided by bank staff in guiding customers through the loan application process.
4. **Transparency:** Clear communication regarding loan terms, fees, and repayment schedules is vital for customer satisfaction.
5. **Convenience:** The availability of online platforms like **YONO** and the **SBI website** enhances the convenience for customers, especially in the case of student loan applications.

There Are The Recent Example Of Education Loan:

SBI Education Loan - Positive Experience with Speed and Support

Example:

A student who recently applied for an **SBI Education Loan** to pursue a master's degree in the **United States** reported a high level of satisfaction. The customer appreciated the **hassle-free online application process** through the **SBI YONO app** and the **quick approval**. The loan was approved within a week, with a **competitive interest rate** of around 7.5%. The student also valued the **post-loan disbursement support**, as the bank guided them on repayment options once they graduated.



Customer Satisfaction Factors:

- **Fast loan approval** (within a week).
- **Easy digital application process** via SBI's mobile banking app.
- **Competitive interest rate** for international education.
- **Transparency** in terms of the loan's repayment structure.
- **Excellent customer support** in post-loan disbursement.

V. FUTURE DIRECTION AND IMPLICATION

In an increasingly competitive financial market, **SBI** must continue to adapt and innovate in its loan and credit services. The future directions and implications for the bank's study, loan, and credit services include:

1. **Digitalization and Automation:** The growing importance of technology in the banking sector presents an opportunity for SBI to further streamline its loan application and approval processes through **AI-based loan assessments** and **blockchain technology** for enhanced security.
2. **Customized Loan Products:** With an evolving customer base, SBI should develop more **personalized loan products**. Offering loans with flexible repayment options, particularly for students and young professionals, can enhance customer satisfaction.
3. **Improving Customer Service:** By providing dedicated **loan advisory services** and improving the efficiency of call centers, SBI can ensure quicker response times for customer queries and grievances.
4. **Financial Literacy Programs:** Many customers face challenges due to a lack of understanding of loan products. SBI could implement more **financial literacy campaigns** to help customers make informed decisions.
5. **Partnerships with Educational Institutions:** To facilitate quicker and easier access to education loans, SBI can build stronger **partnerships with universities** and educational

institutions, allowing for faster approval processes based on the student's academic standing.

VI. CONCLUSION

The State Bank of India plays a crucial role in providing study loans, personal loans, home loans, and credit services to the Indian population. Overall, SBI has made significant strides in offering loan products that cater to diverse customer needs, particularly in the education sector. However, challenges such as lengthy documentation, loan processing delays, and issues with transparency continue to hinder the overall customer experience.

To improve customer satisfaction and further solidify its position in the banking industry, SBI must continue to focus on digital transformation, customer-centric innovations, and improved transparency. Addressing the pain points of loan applicants will not only enhance customer loyalty but also improve the bank's competitive standing in the marketplace.

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