



Digital Transformation in Housing Finance: An Analytical Study of SBI Home Loans

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Abstract

The housing finance sector in India has undergone significant transformation with the adoption of digital technologies. State Bank of India (SBI), the country's largest public sector bank, has emerged as a pioneer in leveraging digital platforms to improve home loan accessibility, efficiency, and customer experience. This study analyses the impact of digital transformation on SBI Home Loans by examining technological initiatives, portfolio growth, customer outreach, and operational performance. The study is based on secondary data collected from SBI Annual Reports, RBI publications, industry reports, and academic literature. The findings reveal that digital transformation has contributed significantly to the growth of SBI's housing finance portfolio, enhanced loan processing efficiency, improved customer convenience, and strengthened risk management practices. The study concludes that digital technologies are playing a critical role in reshaping housing finance in India and enhancing financial inclusion.

Keywords: Digital Transformation, Housing Finance, SBI Home Loans, Digital Banking, Financial Inclusion, Home Loan Portfolio, FinTech.

1. Introduction

Housing finance plays a crucial role in economic development by facilitating home ownership, promoting construction activity, and generating employment opportunities. In India, the demand for housing finance has increased substantially due to rapid urbanization, rising income levels, favourable government policies, and growing aspirations for home ownership.

Traditionally, home loan processing involved extensive paperwork, manual verification, physical branch visits, and lengthy approval procedures. These processes often resulted in delays, increased operational costs, and customer dissatisfaction. However, the emergence of digital technologies has transformed the housing finance landscape.

Digital transformation refers to the integration of digital technologies into business processes to improve efficiency, customer experience, and organizational performance. In the banking sector, digital transformation

encompasses online banking, mobile applications, digital documentation, artificial intelligence, analytics, automated underwriting, and customer relationship management systems.

State Bank of India (SBI) has been at the forefront of digital transformation in housing finance. Through initiatives such as YONO (You Only Need One), Retail Loan Management Solutions (RLMS), digital document execution, e-stamping, online application systems, and AI-enabled customer support, SBI has streamlined the home loan journey from application to disbursement.

As of March 2025, SBI's home loan portfolio exceeded ₹8.31 trillion, making it one of the largest housing finance providers in India. The bank's continuous investment in digital infrastructure has enabled it to expand its customer base while maintaining operational efficiency and portfolio quality.

This study examines the role of digital transformation in enhancing SBI's housing finance business and evaluates its impact on growth, efficiency, customer service, and risk management.

2. Need for the Study

The Indian housing finance sector is undergoing rapid technological transformation. Financial institutions are increasingly investing in digital platforms to improve operational efficiency and customer experience. Understanding the impact of these initiatives is essential for policymakers, bankers, researchers, and financial institutions.

SBI's leadership position in the housing finance market provides a valuable case for examining how digital transformation influences loan growth, customer satisfaction, and risk management. The findings of this study may help other financial institutions formulate effective digital strategies for housing finance.

3. Statement of the Problem

The traditional home loan process often involved delays, cumbersome documentation, and limited accessibility. While digital technologies have been introduced to address these challenges, there is a need to evaluate their effectiveness in improving housing finance operations and outcomes. The present study seeks to analyse the extent to which digital transformation has contributed to the growth and efficiency of SBI Home Loans.

4. Objectives of the Study

The study aims to:

1. Examine the digital transformation initiatives undertaken by SBI in housing finance.
2. Analyse the growth of SBI's home loan portfolio.
3. Evaluate the impact of digitalization on customer convenience and operational efficiency.
4. Assess the role of digital technologies in risk management and loan quality.
5. Suggest measures for strengthening digital housing finance services.

5. Research Methodology

Research Design: The study adopts a descriptive and analytical research design.

Sources of Data: The study is based on secondary data collected from:

- SBI Annual Reports
- RBI Reports
- National Housing Bank Reports
- Research journals
- Industry publications
- Financial newspapers and reports

Period of Study: The study covers the period from FY2021 to FY2025.

Analytical Tools: The following tools are used:

- Growth Rate Analysis
- Percentage Analysis
- Trend Analysis
- Comparative Analysis
- Descriptive Interpretation

6. Review of Literature

Arner, Barberis and Buckley (2016) The authors highlighted the role of FinTech in transforming financial services and improving customer accessibility through digital innovation. Jagtiani and Lemieux (2019) The study found that digital lending platforms utilize alternative data and technology-based credit assessment methods to improve lending efficiency and financial inclusion. Cao (2021) The researcher emphasized that artificial intelligence and advanced analytics are becoming key drivers of innovation in banking and financial services. Reserve Bank of India (2023) The RBI report highlighted the growing adoption of digital banking channels and their contribution to operational efficiency and customer convenience. National Housing Bank (2024) The report observed that digital lending platforms have significantly enhanced the accessibility and efficiency of housing finance services across India.

7. Research Gap

Previous studies have extensively examined digital banking and FinTech innovations. However, limited research has focused specifically on the impact of digital transformation on housing finance operations within public sector banks.

Furthermore, there is a lack of recent studies analyzing SBI's digital initiatives and their influence on home loan portfolio growth, customer outreach, and risk management. This study attempts to bridge this gap by providing an analytical assessment of SBI Home Loans in the digital era.

8. Hypotheses

- H1-** Digital transformation has a significant positive impact on SBI Home Loan portfolio growth.
- H2 -** Digital lending platforms improve customer accessibility to housing finance services.
- H3 -** Digital transformation contributes to improved operational efficiency in home loan processing.
- H4 -** Digital technologies help reduce credit risk and improve loan portfolio quality.

9. Conceptual Framework

The conceptual framework illustrates how digital transformation initiatives undertaken by SBI, such as YONO, digital documentation, and automated loan processing systems, facilitate the development of digital lending platforms. These platforms enhance operational efficiency by reducing processing time and improving service delivery. Increased efficiency leads to higher customer satisfaction, which in turn contributes to portfolio growth. Ultimately, the growth in the home loan portfolio strengthens the bank's overall financial performance. The framework demonstrates the positive relationship between digital transformation and sustainable growth in housing finance.



Moderating Variables:

- Regulatory Environment
- Technology Infrastructure
- Customer Adoption
- Cybersecurity Framework

10. Data Analysis and Interpretation

Table 1: SBI Home Loan Portfolio Growth (FY2021–FY2025)

Financial Year	Home Loan Portfolio (₹ Trillion)	Increase (₹ Trillion)	Growth Rate (%)
2021	5.04	-	-
2022	5.62	0.58	11.51
2023	6.41	0.79	14.06
2024	7.26	0.85	13.26
2025	8.31	1.05	14.46

Interpretation: The data indicate a consistent upward trend in SBI's home loan portfolio. The portfolio increased from ₹5.04 trillion in FY2021 to ₹8.31 trillion in FY2025, representing substantial growth. The highest growth rate of 14.46% was recorded during FY2025, reflecting strong customer demand and effective digital lending initiatives.

Table 2: Home Loan Disbursement Performance

Financial Year	Home Loan Disbursement (₹ Trillion)
2021	1.35
2022	1.58
2023	1.82
2024	1.97
2025	2.28

Interpretation: Home loan disbursements have steadily increased during the study period. This growth reflects improved accessibility, faster loan approvals, and enhanced customer convenience through digital channels.

Table 3: Digital Transformation Initiatives and Benefits

Digital Initiative	Purpose	Impact
YONO Platform	Digital loan application	Faster customer onboarding
Retail Loan Management Solution (RLMS)	Automated processing	Reduced turnaround time
E-Stamping	Digital documentation	Paperless processing
Vendor Verification Module	Property verification	Improved risk assessment
AI-Based Customer Support	Query resolution	Enhanced customer service
Digital Document Execution	Online documentation	Improved convenience

Interpretation: SBI's digital initiatives have significantly reduced manual intervention and streamlined the home loan lifecycle. These technologies contribute to improved efficiency and customer satisfaction.

Table 4: Asset Quality of SBI Home Loans

Year	Gross NPA (%)
2021	1.2
2022	1.05
2023	0.92
2024	0.8
2025	0.72

Interpretation: The continuous decline in Gross NPA indicates improved credit assessment and risk management practices. Digital verification and automated monitoring systems have contributed to maintaining portfolio quality.

Table 5: Contribution of Home Loans to SBI Domestic Advances

Year	Home Loan Share (%)
2021	18.5
2022	19.8
2023	21.3
2024	22.1
2025	23.07

Interpretation: The increasing share of home loans in domestic advances demonstrates the strategic importance of housing finance within SBI's retail banking portfolio.

11. Hypotheses Testing Results

H1: Digital transformation has a significant positive impact on SBI Home Loan portfolio growth.

Result: Accepted. The home loan portfolio increased from ₹5.04 trillion in FY2021 to ₹8.31 trillion in FY2025, indicating that digital initiatives have positively contributed to portfolio expansion.

H2: Digital lending platforms improve customer accessibility to housing finance services.

Result: Accepted. The introduction of YONO and online loan application systems has enhanced customer convenience, accessibility, and loan application efficiency.

H3: Digital transformation contributes to improved operational efficiency in home loan processing.

Result: Accepted. Automated loan processing, digital documentation, and e-stamping have reduced turnaround time and operational costs.

H4: Digital technologies help reduce credit risk and improve loan portfolio quality.

Result: Accepted. The Gross NPA ratio of SBI Home Loans declined from 1.20% in FY2021 to 0.72% in FY2025, demonstrating improved risk assessment and portfolio quality through digital monitoring systems.

Overall Result

The study confirms that digital transformation has positively influenced SBI Home Loans by improving operational efficiency, customer satisfaction, portfolio growth, and financial performance. Therefore, all four hypotheses (H1, H2, H3, and H4) are accepted.

12. Discussion

The findings clearly indicate that digital transformation has emerged as a major driver of growth in SBI's housing finance business. The implementation of YONO and other digital platforms has simplified loan

applications and reduced processing time. Customers can now apply for loans, upload documents, track application status, and receive approvals through digital channels.

The consistent growth in the home loan portfolio demonstrates the effectiveness of SBI's digital strategy. The increase from ₹5.04 trillion in FY2021 to ₹8.31 trillion in FY2025 represents a cumulative growth of approximately 65%.

The declining Gross NPA ratio further indicates that digital verification, automated underwriting, and analytics-based monitoring have strengthened credit quality and reduced lending risks.

Digital transformation has therefore benefited both customers and the bank by improving convenience, efficiency, profitability, and risk management.

13. Suggestions

1. SBI should continue investing in Artificial Intelligence and predictive analytics for credit assessment.
2. The bank should further simplify digital loan application procedures for first-time borrowers.
3. Financial literacy programs should be conducted to improve awareness of digital housing finance services.
4. Cybersecurity measures should be continuously strengthened to protect customer information.
5. Advanced analytics should be utilized for proactive risk monitoring and fraud prevention.
6. Greater integration of AI-based customer support can further enhance service quality.

14. Conclusion

Digital transformation has fundamentally reshaped housing finance in India. SBI has successfully leveraged technology to improve efficiency, customer experience, and portfolio growth. The adoption of YONO, automated loan processing systems, digital documentation, and analytics-based risk management has enabled the bank to maintain its leadership position in housing finance.

The study demonstrates that digital transformation has positively influenced home loan portfolio growth, customer accessibility, and asset quality. As digital technologies continue to evolve, their role in housing finance is expected to become even more significant. Financial institutions that effectively integrate technology with customer-centric strategies will be better positioned to achieve sustainable growth in the future.

Declaration of Conflicting Interests

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