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"RETALIATORY LOAN REPAYMENT TIDE" IS COMING, WHAT DO YOU THINK? MORTGAGE LOAN GROWTH SLOWS DOWN, RESEARCH ON RESIDENTS' LOAN REPAYMENT

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ABSTRACT

This survey is carried out in two forms: online questionnaire and on-site survey. By locking the survey account, it is ensured that the number of participants in the questionnaire will not be repeatedly entered. Through the form of publicity in the circle of friends and on-site visits, ensure that the research is a group that has personal housing loans and repays in advance. Through this survey, we analyze the deep-seated reasons behind the "prepayment tide", discuss the possible risks of prepayment, and then put forward some favorable opinions for home buyers with personal mortgage loans, and hope that this survey can contribute to stabilizing the housing loan market Order, the government and banks provide a reference for policy adjustments.

KEYWORDS: Real-estate marketing, Loan repayment, Economic forecast

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RESEARCH BACKGROUND

China's real estate industry has developed rapidly in the past 20 years, which relies on the support of a large amount of funds from banks. Since the second half of 2022, the central government has repeatedly asked to increase financial support for the real economy, reduce the cost of comprehensive corporate financing and personal consumption credit, and ensure the inclusiveness and availability of financial services. Without promoting economic recovery, meeting the medium and long-term financing needs of enterprises, and reducing the housing consumption burden of residents, LPR will experience two double drops and one single drop in 2022. In 2022, LPR will experience two double drops and one single drop. According to data from the Shell Research Institute, in January 2023, the

average mainstream interest rates for first- and second-home loans were 4.10% and 4.91%, respectively, down 146 and 93 basis points year-on-year, close to the lowest level in history.

On the one hand, due to the impact of the new crown epidemic, residents' employment and income expectations are unstable, and they tend to reduce debt and interest payments. On the other hand, the continuous decline of LPR has caused the gap between the interest rates of stock mortgages and new mortgages to widen, and residents' investment yields have declined, risk appetite has weakened, and idle funds tend to repay loans in advance, which also makes residents enthusiastic about repaying loans in advance. Some banks have even experienced excessive concentration of loan repayment applications, and the normal business order has been impacted. Many banks have had to close the online appointment application channel. To this end, the China Banking and Insurance Regulatory Commission recently held a special meeting to address the difficulties in repaying personal housing loans in advance and the long appointment time, requiring banks to speed up the processing of backlog applications and do a good job in early repayment services.

However, even under the support of the policy, the upsurge of early repayment has not been postponed, causing banks to lose low-interest liabilities on the one hand and low-risk assets with high interest rates on the other hand, and face certain operational risks as a whole. The reasons for residents to prepay their loans are imminent.

This survey is carried out in two forms: online questionnaire and on-site survey. By locking the survey account, it is ensured that the number of participants in the questionnaire will not be repeatedly entered. Through the form of publicity in the circle of friends and on-site visits, ensure that the research is a group that has personal housing loans and repays in advance. Through this survey, we analyze the deep-seated reasons behind the "prepayment tide", discuss the possible risks of prepayment, and then put forward some favorable opinions for home buyers with personal mortgage loans, and hope that this survey can contribute to stabilizing the housing loan market Order, the government and banks provide a reference for policy adjustments.

Survey plan

Research purpose

Through this research, it is planned to answer the following three questions:

Faced with the emergence of "early repayment wave", should home buyers "follow the trend"?

What are the deep-seated reasons for the emergence of the "prepayment wave"?

Under what circumstances, which repayment method is beneficial to the house buyer?

Through this survey, we will understand the reasons for the emergence of the "prepayment trend", and through quantitative and qualitative analysis, we will understand whether home buyers should "follow the trend" in repayment, and find favorable opinions for home buyers.

Research framework

Considering the importance of the overall framework and the specificity of the "respondents", in order to ensure the validity of the data results finally presented in the questionnaire, the key point of our design of the questionnaire is based on the authenticity of the respondents. In the way of answering the questionnaire, basically adopting multiple choice questions, our research design follows the principles proposed by Podsakoff and Organ, which ensure the following: (1) respondents are anonymous, (2) use clear terminology, (3) construct explainable questions, And (4) using reverse language to ensure qualitative thinking. All of this is done to minimize defective responses. Using the questionnaire survey method, the research contents include: ① general survey. Including the reasons for personal mortgage loans caused by house purchases, the number of mortgaged houses, and the types of mortgage loans and other basic issues ② Analysis of current situation and needs. A five-point Likert scale was used to measure (1 being very unnecessary and 5 being very necessary). Supplemented by open-ended questions, the quantitative analysis method proposed by M Lynch and B Walsh is used to understand the contemporary youth's housing purchase and mortgage methods, their income, repayment methods and self-ability

The framework design of the questionnaire survey should satisfy the four aspects of investigation: effectiveness, comprehensiveness, systematization, and maximization at the same time, so as to understand the situation of involution among contemporary college students. Therefore, we have designed the following modules:

The first module - basic information survey of buyers

According to information such as age, income, position whether there is a clear planning, self-awareness and other information, the buyers are systematically classified and basically analyzed, and the objects of buyers with characteristic attributes are divided, and the background information is excavated. The basic classification of house buyers' purchase methods, comprehensively and scientifically provide information benchmark groups.

The second module—Investigation on the Mortgage Status of Home Buyers The information collected in this module mainly focuses on the investigation of home buyers' knowledge and understanding of their current situation, that is, it must be based on the basic information of college students in the first module, and the central proposition of our questionnaire—"The wave of early repayment ", to obtain the different mortgage methods and types and the number of mortgaged houses of home buyers under different self-perceptions, so as to explore whether home buyers should follow the trend of "prepayment tide" and whether they are able to withstand the pressure of repayment.

Module 3 - Prepayment Investigation The content of this module is mainly to objectively observe and analyze the subjective cognition of home buyers on loans. This module is one of the main parts of the questionnaire. Considering the choice of the way of buying a house and the reasons for whether to get a house loan, investigate the choices of house buyers, how do they get loans? How to spend less on loans? The purpose is to gain an in-depth understanding of home buyers' views on loans, that is, to know the proposition from the perspective of the respondent. The question adopts a combination of single-choice and multiple-choice, which can effectively determine people's psychological conditions and provide a more reasonable way to elicit mitigation methods. in accordance with. Module 4— Objective Changes Affecting Advance Loan and Prepayment Ratio The most important thing in the design of this questionnaire is the methodology of this module. The buyer's understanding of themselves and prepayment is the entry point to understand the choice of the buyer under the objective changes. By exploring the thoughts of home buyers on early repayment, and earnestly absorbing and integrating the excellent and feasible answers, we can provide the government and relevant departments with effective, diverse and even characteristic construction directions, and realize a virtuous circle and sustainable development for building a better society. Homebuyers are provided with relief from the prepayment situation.

Statistical investigation and analysis

Basic information of the survey samples

As of March 10, Questionnaire Star had recovered 94 valid questionnaires. According to the research purpose of this subject, choose to use IBM SPSS Statistics 25.0 software to carry out statistical analysis on the valid questionnaires recovered, mainly using descriptive statistical analysis, correlation analysis, cross analysis, etc. In addition, we conducted in-depth interviews with the survey respondents, which can be used to verify the authenticity of the questionnaire survey figures to a certain extent. In the questionnaire for this survey, there are 4 questions about the basic information of the respondents, 2 questions about the current situation of the mortgage, 2 questions about the investigation of early repayment, and 2 questions about the objective impact. There is 1 question matrix five-level Crete scale question, which is designed as a five-point scale, from "1" to "5" respectively means no change at all, no change, general, possible change, and certain change.

We firstly conduct a reliability analysis on all the data on the basis of the pre-investigation. From the measurement results of "reliability analysis", we can get that the Cronbach's Alpha value is 0.979, and the Cronbach's Alpha value based on the standardized item is 0.967. These two the coefficients are all above 90%, so the analyzed data has a high internal consistency and strong reliability.

Reliability Statistics

Cronbach Alpha	Number of Cronbach Alpha	of terms
.979	.967	50

Through SPSS25 analysis, the significance of the obtained data is less than 0.05, indicating that the questionnaire data is suitable for factor analysis, and the KMO value of the data is 0.883 higher than 0.8.

KMO and Bartlett's test

KMO	Sampling Suitability	.883
Quantity		
Bartlett's test for sphericity	chi-square	10579.755
Approximate	degrees of freedom	1225
	Significance	.000

Characteristics of sample population data

According to the basic statistics of this survey, among the 94 people surveyed, people aged 20-30 accounted for a relatively high proportion, reaching 63.82%. Affected by the research area, most of the respondents were individuals, small private enterprises and others, both 36.17%. The proportion of respondents with an annual household income of 150,000 to 300,000 yuan is relatively high, but not prominent, accounting for 27.66%. The proportion of monthly disposable income of 5,000 yuan and below is relatively large, reaching 40.43%.

Basic Information		Count	Subtable N %
age range	20-30	60	63.83%
	30-40	23	24.47%
	40-50	9	9.57%
	50+	2	2.13%
occupation or unit	Individuals (including individual industrial and commercial households)	34	36.17%
	Private Enterprise	7	7.45%
	State-owned enterprises	4	4.26%
	Government agencies or institutions	15	15.96%
	other	34	36.17%
annual household income	Below RMB 100,000	24	25.53%
	100,000-150,000 yuan	16	19.15%
	150,000-300,000 yuan	26	27.66%
	300,000-500,000 yuan	11	11.7%
	More than 500,000 yuan	15	15.96%
monthly disposable income	Below RMB 5000	38	40.43%
	5000-8000元	17	18.09%

	8000-10000元	17	18.09%
	10000-15000元	6	6.38%
	15000-20000元	4	4.26%
	More than 20,000 yuan	12	12.77%

From the perspective of age

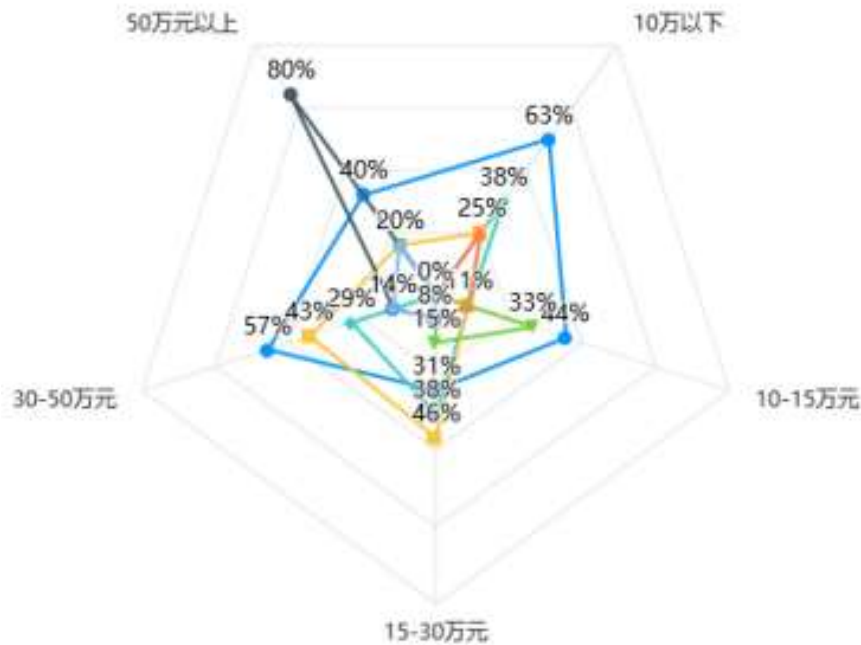
Age has a greater impact on whether there is a demand for loan repayment. People aged 30-40 have a preference for housing loans, followed by the age group 40-50. It can be seen that the current mortgage main force is young and middle-aged groups. The relationship between age and the number of mortgages is relatively obvious. Among them, most young and middle-aged people have one mortgaged house, and some people have two or even three mortgaged houses. It can be seen that the main group of buyers are young and middle-aged people.

From a professional point of view

The relationship between occupation and mortgage loan type shows that no matter what the occupation is, most of the loan types selected are combination loans, and the proportion of pure business agent and pure provident fund loans is relatively low. Occupation is closely related to the source of loan repayment funds. Individual industrial and commercial households and employees of state-owned enterprises have the largest proportion of personal income repayment, both of which are greater than 50%. Employees in government agencies and institutions mostly choose family income for repayment, and employees of private enterprises mostly use mixed repayment model.

From the perspective of annual household income/disposable household income

There are many reasons for choosing early repayment, but from the perspective of family annual income and household disposable income, people with an annual income of less than 150,000 choose early repayment because they are worried about the future economic situation and income expectations, so they consider early repayment. Reduce debt pressure; many people with an annual income of RMB 150,000 to RMB 500,000. Since mortgage interest rates have continued to fall in recent years, but the mortgage interest rates were relatively high when buying a house at that time, and the bank did not adjust the interest rate in time, they thought it would be more cost-effective to repay the loan in advance. For people with a family income of more than 500,000 yuan, they are more concerned about repaying their loans in advance to relieve their own loan repayment risks while waiting for a new wave of policy dividends in the property market.



Cross-analysis of household annual income and sources of prepayment funds shows that regardless of income, most sources of prepayment are self-owned deposits. Very few take the form of lending from relatives and friends, and the proportion of people who sell wealth management products and bank loans is also relatively average. It can be seen that facing the problem of early repayment, most of the respondents are rational investors.

Analysis of the Current Situation of Customers Who Repay Mortgages in Advance

Whether the survey respondents have enjoyed preferential policies related to house purchase

44.68% of the interviewees said they had enjoyed house purchase discounts, 28.72% said they had enjoyed tax discounts from banks, 30.85% said they had enjoyed buying gifts, and 38.3% said they had enjoyed down payment Meet, 29.79% of the crowd said they have enjoyed other preferential activities. It can be seen that on the whole, most of the respondents only enjoy some discounts, and they do not fully enjoy the corresponding welfare policies for new home purchases, so they will inevitably feel a certain disadvantage, which also makes them keener to think about early repayment to a certain extent matter.

Analysis of Repayment Methods of Respondents in Advance

In the survey, Question 12 investigates the method of early repayment of the respondents, and Question 16 investigates the sources of funds for the early repayment of the respondents. The two questions intersect and demonstrate. Since most respondents said that they use free deposits for repayment, it is

difficult to achieve one-time settlement of loans in advance, most respondents adopt the form of early repayment in batches, which is in line with the situation of the data in question 16. It can be seen that most of the respondents are willing to use their own personal efforts to achieve self-sufficiency in loan repayment.

Investigate the impact analysis of prepayment on future consumption level

Among the respondents, 40.48% of the respondents indicated that it would have a significant impact on the consumption level in the next 1-2 years, and 35.71% of the respondents believed that the impact would be limited.

Analysis of methods to deal with the current wave of early loan repayment

Analysis of the way the survey respondents mitigate early repayment

In terms of the ways and means of the respondents to alleviate the prepayment, it can be seen that most of the respondents said that they would not consider changing the way of prepayment under any circumstances, but there are still a small number of people who are willing to wait for the full recovery of the economy and bank loans. In the case of real-time floating interest rates, change your thinking about repaying the loan in advance.

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Topic\Options	No Changed at all	No Changed	General	Can be Changed	Definitely Changed
Full economic recovery in the first half of 2023	28.57%	16.67%	21.43%	21.43%	11.9%
There is a big bull market in the stock market	28.57%)	19.05%	28.57%	16.67%	7.14%
Bank loan interest rate real-time floating	16.67%)	19.05%	33.33%	21.43%	9.52%
The loan interest rate of the first house and the second house is the same	16.67%	21.43%	33.33%	19.05%	9.52%
The real estate market stabilized, and the sales of the property market improved	19.05%	26.19%	35.71%	4.76%	14.29%

38.1% of the respondents believe that the economy will fully recover in 2023, and they are willing to consider reducing the prepayment ratio by about 50%. 40.48% of the respondents said that there is a bull market in the stock market, and they are willing to consider reducing the prepayment ratio 64.28% of the respondents believed that if the bank is willing to adjust the mortgage interest rate in real time, it intends to reduce the prepayment ratio by 25%-50%.

There are 18 valid answers to open-ended questions, namely: no money, investment, loan, business loss, etc. It can be seen that most respondents are willing to give priority to early repayment when they have savings and spare money loan.

CONCLUSION AND SUGGESTION

Conclusion

Through this questionnaire survey, we can roughly draw the following conclusions:

Most of the interviewees have a clear early repayment plan, and the source of funds is mostly their own deposits, and the factors for the early repayment of the respondents are mainly due to the current economic situation, the high cost of interest expenses, and the foreign economic expectations of the buyers. and income stability are pessimistic. Repaying the loan in advance is actually hoping to reduce interest expenses and reduce life pressure.

Secondly, due to the combination of the epidemic and the global economic recession, various investment and financial management opportunities have decreased, making early loan repayment a better financial management method. If the mortgage interest rate is around 5%, according to the current rate of return of some financial management, it is better to repay the loan than to invest such funds in the financial management market. This is also a very delicate financial management. It makes returning goods in advance also become a better way of "financial management".

For groups with a higher annual household income, it is more difficult to enjoy policy benefits and handle temporary lending business such as business loans in the future under the condition of unpaid loans, which also prompts respondents to be willing to repay loans in advance to hedge against market risks.

For home buyers, there are indeed many who want to repay the loan in advance, and the reason is also the factor of interest. Especially from the current monthly payment structure of home buyers, 2/3 of the amount may belong to interest, and the remaining 1/3 of the amount belongs to principal. So from this point of view, it is reasonable to repay the mortgage in advance. However, it needs to proceed from the actual situation. Considering the early repayment, the bank needs the buyer to apply, submit materials and wait, which involves business consulting costs, waiting time costs and business processing costs. Especially if the waiting time is relatively long, more than two months, it may disrupt the repayment plan of the home buyers, and it will appear uneconomical in the end. Only when the bank procedures are simple and the liquidated damages are small, then early repayment can really be considered.

Suggestion

Ren Zeping, a well-known economist, also recently wrote an article calling for the reduction of interest rates on existing mortgages. This move will first benefit the macro economy, help boost consumer confidence, expand domestic demand, and promote China's economic recovery; Concerns that interest rates may continue to decline in the future and cause losses are conducive to the stability of the real estate industry; third, it is conducive to reducing the burden of housing consumption on residents and solving a series of problems such as consumers gathering together to repay loans in advance, difficulty in repaying loans in advance, and illegal refinancing.

At the same time, it is also suggested that the banking industry can follow up the interest rate loan policy according to the actual market situation, so that residents have more diverse options for early repayment. At the government level, it is also suggested that related policies such as old-for-new and three-party guarantees can be added, so that some buyers who need replacement can more easily relieve the current pressure on loan repayment and resale. At the same time, you can enjoy the market benefits of a set of loans.

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