

# EVALUATING THE ROLE OF HOUSING AND PERSONAL LOANS IN FACILITATING HOMEOWNERSHIP FOR MIDDLE-INCOME EARNERS IN SRI LANKA

Sewwandi, V.G.P.<sup>1\*</sup> and Wickremasinghe, H.T.<sup>2</sup>

<sup>1,2</sup>University of Sri Jayewardenepura, Nugegoda, Sri Lanka  
[\\*prabodhasewwandi6@gmail.com](mailto:*prabodhasewwandi6@gmail.com)

## 1. Introduction

Sri Lanka faces a severe housing crisis driven by economic instability, rising property prices, and limited access to affordable financial support. This study examines the effectiveness of housing and personal loans in facilitating homeownership for middle-income first-time buyers in Sri Lanka, focusing on key factors such as affordability, accessibility, processing efficiency, and alignment with borrowers' homeownership aspirations.

## 2. Research Methodology

The study employs a qualitative research design, utilizing purposive sampling to target middle-income borrowers and bank representatives with direct experience in loan processes. Semi-structured interviews with a sample of 15 participants, including ten borrowers and five bank officials, provide rich data on loan accessibility, user satisfaction, and encountered challenges. Thematic analysis is applied to identify key patterns and insights.

## 3. Findings and Discussion

Preliminary results reveal that while housing loans are commonly used for financing home purchases, personal loans serve as supplementary funding for expenses like renovations or furnishing. Borrowers expressed concerns over high interest rates, lengthy approval processes, and rigid repayment terms, diminishing their overall satisfaction. However, the flexibility and scope of these loans partially meet expectations, indicating a need for tailored improvements to serve middle-income borrowers better.

## 4. Conclusion and Implications

The study concludes that housing and personal loans play a significant role in facilitating homeownership for middle-income earners, though there is scope for enhancing their effectiveness. Recommendations include revising interest rate structures, simplifying loan application processes, and introducing innovative financing models. Future research could benefit from larger samples and quantitative analysis to provide a broader perspective on loan utilization patterns.

**Keywords:** Housing loans, Personal loans, Homeownership, Middle income earners, Sri Lanka