

| Theme | Theme Description | Subthemes | Subtheme Meaning | Illustrative Quotes from Interview Participants |
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| T1: Bank Selection | Borrowers prioritize financial benefits, primarily focusing on interest rates and loan conditions, using comparisons and negotiations among multiple banks to optimize their loan terms. Familiarity and existing trust with their home bank often strongly influence their final choice. | S.T. #1: Interest Rate | Interest rates are identified as the primary decision-making factor influencing borrowers' choice of bank, often overriding other considerations. | <ul style="list-style-type: none"> - "For me, it was purely the interest rates all three times" [IP-6]; - "My home bank didn't match the best offer I got on the market. Since the interest rate was basically the only thing that interested me, I went to another bank and switched" [IP-4]; - "I was just looking for the best interest rate, but also the costs of associated home loan fees were among the important factors" [IP-7]; - "The first thing I was paying attention to was interest rate but down payment was also important" [IP-8]; - "The interest rate was the main thing, but the standard 30-year loan period was also what we were looking for. We excluded two or three banks based on the interest rates and what we had seen in this Facebook group about the interest rates being higher there in general, so in the end we were just between these two big banks, weighing the pros and cons" [IP-11]; - "Of course, it was the interest rate, and my home bank also offered a very good insurance deal, which was important for me at that time, so I could feel safe in case of anything" [IP-5]. |
| | | S.T. #2: Bank Offer Comparison | Borrowers actively gather and evaluate loan proposals from various banks to identify the most financially advantageous offer. | <ul style="list-style-type: none"> - "Our main decision criteria were who makes the best offer and also has the best conditions because it depends, for example, if the bank asks you to transfer your salary there, and so on. But firstly, we just knew that we were going to take several offers to see who had the best margins" [IP-12]; - "Back in the first and second times, I asked and checked the offers from all the banks and then chose the best one. For the third time, I skipped one bank because they gave me a hideously bad interest rate the previous two times, so I wasn't even interested in contacting them. I didn't care enough to go through the process at one more bank because their process for me has been quite difficult in the past, and they asked for more than the other banks" [IP-6]; - "I contacted only two banks at first, but then also reach out to a third one as well online" [IP-8]; - "We probably sent the loan application to four or five banks" [IP-11]; - "I sent the same letter requests with the property I would like to buy to all the banks I could find that provide home loans, so there were 7-8 banks. I wanted to gather the best options, go to my home bank to share the best offer I got on the market, and ask them if they could match it or not" [IP-4]; - "I heard from my friends and relatives who had taken out loans before that you definitely need to branch out. You need to collect every single offer and then try to haggle with them, which I did, and I think I got a decent rate at the end" [IP-1]. |
| | | S.T. #3: Negotiation Attempts | Borrowers engage in negotiations leveraging competitive offers from other banks to secure improved loan terms from their preferred bank. | <ul style="list-style-type: none"> - "Over three times, I did learn to negotiate better. The first time, I didn't realize I could negotiate the interest rate to get it even better. Now, I just pitted two banks against each other. I asked the banks if they could match the offer and also get rid of the contract fee. I mean, it's a negotiating tactic. They can't give you the best offer straight off the bat" [IP-6]; - "Initially, the home bank had one of the worst offers, despite the fact that I was their client since the beginning. So, then, there were a lot of negotiations. Another bank gave an actually good interest rate and waived some fees if I also took a credit card and moved my salary to them. It was only after I informed my home bank that I was moving wherever the best deal was that they finally matched the deal offered by another bank" [IP-7]; - "There was a bit of negotiation, but not a lot. We did tell the home bank a number that we had heard from another bank or the acquaintance who got it. If I recall correctly, they lowered the interest rate a bit in the end, but it wasn't a very strong negotiation, and it was also characteristic of me to do that" [IP-11]; - "I contacted another bank regarding taking a second home loan with them, so they offered to merge two loans into one on more favorable terms. Then, I openly told my home bank that I would not want to leave them and asked if we could come up with a solution. Maybe because they are not willing to lose me as their client, but my home bank also offered to refinance my loan at a lower interest rate, since it is already above the market rate" [IP-9]; - "I got a slightly higher-than-average offer from my loan officer at my home bank, and then I went to other banks. I collected all the other offers that I was never going to go for because I knew for sure that I wanted to stay in my home bank, but I just needed those other offers to get a better rate from my home bank" [IP-1]; - "I negotiated with different banks. One bank gave me a proposal, but I declined it and we stopped at this step. Other banks gave me several proposals after I said that the initial proposal didn't fit me and I got a better offer elsewhere" [IP-5]; - "I tried to negotiate with another bank that I preferred because of their ongoing campaign, but they didn't agree with my terms and wanted me to pay a higher down payment while offering a lower loan amount, so in the end, I had to go with my home bank" [IP-8]. |

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| | | S.T. #4: Home Bank Advantage | Convenience, trust, and familiarity significantly influence borrowers to select their existing banks, despite occasionally better financial terms elsewhere. | <p>- "I didn't feel stressed with my home bank, but felt a little upset with the other one because they didn't actually seem to want me as their client; they didn't try to negotiate and were asking a higher interest rate and a bigger down payment, which I didn't find reasonable. And the third bank was too late in response to my request. Ideally, if all the calculations were pointing towards it, I would like to choose my home bank so I don't need to deal with additional steps, passing my account statement, etc. So if it were only a small difference, I would go with my home bank" [IP-8];</p> <p>- "At the beginning, I chose to ask questions from my home bank. Then, I went to all the other big banks in Latvia to gather all the options that they offered me to make a decision, and the decision was to choose my home bank" [IP-7];</p> <p>- "There was also one bank that gave a decent offer, but we just didn't have a history with this bank and having heard of less than optimal customer service and daily banking operations, we just disregarded it" [IP-11];</p> <p>- "My mom worked her whole life in my home bank, so I was always close with this bank plus they were the faster than everybody else when I started applying to various banks" [IP-9];</p> <p>- "Deep down, I knew that I was just too lazy to try to manage a two-bank lifestyle, and I wanted to stay at my home bank because my everyday banking was already there, but I was still going to try to get offers from other banks just to haggle with my home bank and get the interest rate down" [IP-1];</p> <p>- "We approached choosing the bank by sending applications to different banks right away because we wanted to see where we would get the best answer. My home bank was definitely one of them, and I was hoping that maybe if they made a good offer, I would love to stay in the same bank" [IP-12];</p> <p>- "I wanted to go with my home bank because it would be more convenient to do the paperwork since I already had an account there. They already know basically everything about me. It's easier to send the statements and everything like that" [IP-4].</p> |
| T2: Digital Loan Application Experience | Borrowers generally appreciate the convenience and efficiency of digital loan applications, while simultaneously facing limitations, particularly with loan calculators' accuracy and the dependency on having specific property details during the pre-approval process. | S.T. #5: Online Application Preference | Borrowers favor online applications for their ease, convenience, and ability to manage applications flexibly without physical branch visits. | <p>- "I didn't go to a branch. It was all online. I hate visiting banks in person because it feels like the person just wants to earn a salary and doesn't let you go out of the bank asking all these questions, so I prefer to do it online. At first, I checked the conditions to understand what I would actually have to pay on top of the money I would transfer to the guy who owns the property. Then, I just went to all those online banks, filled out the applications, and waited for offers" [IP-7];</p> <p>- "I think overall it's great that all banks have these online forms where you can send your application at your own convenient time and get the offers. Imagine having to schedule the meetings, take the time, and go to five different banks. The first time we considered potentially taking the loan, me and my wife went to the physical office for one of these consulting sessions to talk to the bank representative. It was a very long conversation. And if we had done that several times just to learn that their interest rate is higher than in the other bank, it would have been such a waste of everybody's time. So this was the great advantage of the online system that we could send all the information in advance, the bank personnel could analyze all of it in their own time and then make us an offer, whereas when we went to the physical office, we sat behind the desk and the lady was asking a lot of questions and clarifications to input the details into the computer, which felt pretty awkward. We didn't want to go back to the physical office when we thought that maybe now was a good time to use our disposable income and buy real estate" [IP-11];</p> <p>- "Each bank that I contacted had a very simple, easy-to-use online form that you just fill out, and sometime after, a bank representative would send you an email, replying whether you are pre-approved or not. It was way easier and way more comfortable than I thought it would be" [IP-1].</p> |
| | | S.T. #6: Loan Calculator | Online loan calculators help borrowers preliminarily gauge affordability, but borrowers report limited accuracy, particularly concerning fluctuating interest rates. | <p>- "I think the first step for us was looking through the different loans, checking out the loan pages of the banks, and trying out the loan calculators to see how big a loan we could even afford" [IP-12];</p> <p>- "I found loan calculators useful, and I actually checked them on different websites from different banks. Some of them had more functionality, and some of them were more straightforward, but they gave me a general idea. The one I actually liked, if I remember correctly, was showing the Euribor calculation as a separate field and the bank interest rate as a separate field" [IP-8];</p> <p>- "Initially, I was calculating various options of how much I could pay, and I was doing it several times, so when I was checking out apartments, I knew what kind of budget I had. I was prepared, I knew what to expect and how much I would pay" [IP-9];</p> <p>- "I think the calculators are most useful for understanding what the loan limit is and what the price range I should be looking for. But I think they are not always super accurate in estimating the monthly repayments because I can choose the interest rate to kind of grasp my repayments, but the Euribor is always changing. So I think for me, it was more about understanding the borrowing capacity rather than what the repayments will be" [IP-6];</p> <p>- "You can use the calculators on web pages of all the banks, but they are so preliminary that you don't get an idea of how much you actually can get. So basically, if you write to banks. They look at your bank statement, and they make a tailor-made offer. So, the calculators that you can find on the web pages are useless and not very accurate, especially with interest rates" [IP-4].</p> |

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| | | S.T. #7: Property Selection Dependency | Frustration due to banks requiring specific property information upfront, limiting borrowers' ability to receive preliminary financial guidance before property selection. | <ul style="list-style-type: none"> - "To get any information about how much you can borrow and so on, you have to submit an application with a link to the apartment. You cannot just approach the bank and enquire how much you could obtain as a loan. They direct you to the application webpage instead. Basically, you find the property, provide the link to its listing in the application, and then they review your details" [IP-9]; - "It was actually a bit confusing when we were considering what should be the first step because some people told us to apply before we even have the apartment because it can take time, and then by the time we need to make a deal, it's good if you have the confirmation that you can get the loan. On the other hand, banks want you to link the apartment when you make the application, so we didn't know what the first step should be. What we finally did was we applied at first for another apartment than the one we bought in the end, but it was quite similar in terms of price range. Then, somewhere through the process before our loan was approved, we changed the apartment we wanted to buy and sent the bank a new link" [IP-12]; - "More or less, I had a clear idea of what was going to happen because I had friends who had done this recently, but if I didn't have those friends, I would have possibly been quite confused as to what I was supposed to do. What's the first step? Do I contact the bank and then shake hands with the seller or vice versa? Do I find the apartment first, then contact the bank whether I am even eligible for a loan for this exact apartment? It would have been confusing, but I had friends, fortunately, who held my hand through the process" [IP-1]. |
| T3: Communication Practices | Borrowers highly value transparent, proactive, and personalized communication during their loan journey. Although digital tools facilitate the process, personal interaction remains crucial for clarity, trust, and comfort. | S.T. #8: Phone Call Use | Banks predominantly rely on phone calls for discussing critical loan details, a practice considered somewhat intrusive yet effective by borrowers. | <ul style="list-style-type: none"> - "We sent the initial application, and we got the offers from the banks, which we discussed internally. Then, we have been in contact with the banks, clarifying various details and asking if there was flexibility regarding certain aspects. That's when I had these phone calls with our home bank. I mostly remember being in touch with the home loan officer via phone once the initial offers came, and then if we made any adjustments, we received the confirmations via follow-up emails" [IP-11]; - "One thing I noticed is that everybody just calls you. They do not communicate via email, and they just call you and negotiate on the phone. Maybe this was the best case for me because I negotiated a good deal, and maybe it wouldn't work out through emails, but I don't know" [IP-7]; - "I applied on the bank's website, submitted my application, and requested a call. Then in the call, I got all the information I needed" [IP-8]; - "They sometimes called us if there was some urgent thing, or when it was something that was easier to explain over the telephone in comparison to email" [IP-4]. |
| | | S.T. #9: Email Communication Preference | Borrowers often prefer written, asynchronous communication channels like emails, especially to document critical decisions and details clearly and refer back to them later. | <ul style="list-style-type: none"> - "Usually, I would prefer emails, but there wasn't an option. You just leave your phone and wait for an agent to call you" [IP-7]; - "There were also a lot of phone calls. Most of the banks initially called me by phone. I sent the form to them by e-mail, but they contacted me back by phone. One issue was that when they called me, it wasn't always at the best moment for me to answer them, so I would prefer if they would contact me more by email as well" [IP-5]; - "99% of discussions with my home bank were via email, and maybe one or two calls. I think it was good and clear to have the things written. I would be concerned if some important aspects were only available via call because I would not have a record of them. It is also good to have an option for calls if you just want some more information and want to understand something better about the contract or conditions. Then, definitely, I feel it's more useful to have a call, either a regular phone call or a video call, to go through and clarify things. So I think it's good to have both options, but definitely to have the important things in writing" [IP-12]; - "We stayed in touch with my loan officer via email, phone, and video call. We emailed at first. Generally, I think email is the best for this sort of business because you can have a proper written overview of different offers from different banks and compare them all at once. Then he called me back to specify something about my down payment, but it wasn't like a scheduled call; it was just an impromptu clarification. Then, finally, we had a 15-20 minute face-to-face briefing call, where he explained the terms and pitfalls of taking out a loan" [IP-1]; - "We mostly exchanged emails, especially when dealing with all kinds of documentation and sending documents. You can send emails, you can call, or schedule a video call, but usually it's the most convenient to either send emails or talk via phone" [IP-4]. |

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| | | S.T. #10: Loan Roadmap and Guidance | Some borrowers experience frustration with the lack of a clear, proactively communicated roadmap, causing uncertainty about subsequent steps. | <p>- "I would love if all the banks sent out clear step-by-step instructions on what will happen at what stage, and these should be given right after the initial loan application. I would really like it if all the banks provided the roadmap because only two banks did, meaning that I understood what I had to do, but if I had only sent my application to a few other banks, then I wouldn't have gotten this roadmap, and then this whole process would have been a bigger headache than it already was" [IP-3];</p> <p>- "Before I started the whole process, I didn't have a clear roadmap of the journey, and at some point, of course, it's better to know what comes next. On the other hand, I was really lucky because of my seller, who took care of lots of things and furthermore gave me information on how to have the contracts with the electricity company and the water company, re-register everything under my name, and stuff like that. It really matters a lot" [IP-2];</p> <p>- "A bank is a business, so I guess they really made sure that it's an easy process for me to take out a loan and for them to get my money. But what's slightly confusing to me is everything that comes after taking out the loan. I feel like I have been stranded in terms of information. I thought that I would get regular overviews of how much my loan has been paid back, what the monthly Euribor rates are. I would really like to get some information" [IP-1];</p> <p>- "It's not really difficult to understand the process; it's quite well stated on the banks' web pages. I would just really like to say that the process itself would be a lot more convenient for people and better in general if it was more transparent, so banks would actually say why exactly they make a decision or why exactly they need this piece of information that they're asking you for. All they usually say is that I need to do something because of this paragraph in the regulation or bank policy that they point out, and it's not only an issue with my current bank, but it's an issue with all banks" [IP-4].</p> |
| | | S.T. #11: Loan Officer | Borrowers appreciate the support received from loan officers. | <p>- "We had a nice talk with a home loan officer. She was very helpful. She explained everything to me with patience and it felt very friendly and very honest as well" [IP-8];</p> <p>- "The home loan officer was helping me a lot. She was guiding me all the way till the end, including the insurance. The bank offered their home insurance and also suggested other companies. They guided me through all the mandatory steps so that I would not be tricked by anyone, and they were helpful" [IP-2];</p> <p>- "I think for first-time homebuyers, the big part is managing your fears and getting personalized support means a lot, so that you feel the loan officer is your partner and they are not trying to scam you or somehow take your money. I think it's really important, also, the kind of attitude and treatment you get. On the one hand, you want to automate as much as possible, for example, the document part, but I wouldn't remove this human support because it's also very valuable" [IP-12].</p> |
| | | S.T. #12: Bank Statement Submission | Borrowers face frustration with manual and repeated requests for submitting bank statements to every lender for pre-approval | <p>- "The only thing that I had problems with at the beginning was getting the exports from all the banks because I have three different bank accounts, so exporting the bank statements for the last six months for the application was annoying. What I really enjoyed was not needing to manually send my bank statements to one bank, which had some sort of an integration that took that data automatically from another bank when I gave them access, and that was amazing. But, for example, the bank I eventually went to just wanted me to email my bank statements to them. That was really old school, which I found weird, but I did it anyway, and that is who I am with currently" [IP-3];</p> <p>- "I think the most annoying part was when you had to send the statements from the other banks, and they wanted all this information. This took the most time since you had to do it for the different banks. Sometimes, it was enough that you downloaded the statements once, but then at least one bank asked you to export from somewhere else. So this is what was annoying" [IP-12].</p> |
| | | S.T. #13: Data Entry | Borrowers repeatedly reenter and resubmit the same loan, property, personal, and financial information across different bank platforms. | <p>- "I submitted documents to two banks, and I remember it was silly that I had to do it twice for both of these banks. The first time I submitted bank statements, it was fine with both of the banks because they use some API that connects the data after you log in. Still, they don't have a connection with Wise, so I had to download the PDF statement from there and send it to them, which is interesting because Wise is Estonian, and I assume, at some point, they will have that connection as well. But then, after I sent all of the documents and they gave me the first offer, I had to send all of the documents again, which seemed kind of pointless because nothing much changed within a week. I don't know, but perhaps there's a reason. I don't think they do things just for extra work" [IP-6];</p> <p>- "The environments in which I applied for the loan were quite different. In one case, the system was quite straightforward: there was a form that I could fill out to send everything. The other bank needed a lot of papers by email, for example, while another didn't even need so many of them. The thing is, most of them wanted to request documents and ask questions via phone or email. It would be much more convenient to send everything via the form at the very beginning, and then get their proposal for the interest rate and loan in general" [IP-5].</p> |

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| T4: Document Handling and Bureaucracy | Document-related tasks tend to be burdensome and create notable friction, characterized by repetitive manual tasks, redundant data submissions, additional eligibility verifications, and confusion related to property appraisals, affecting the overall loan experience. | S.T. #14: Eligibility Paperwork | Borrowers are usually asked to fulfill extra bureaucratic steps related to verifying their eligibility, including submitting educational diplomas, residency proofs, government support documentation, and providing explanations for bank transactions in the bank statements. | <p>- "To pay the down payment, I needed to borrow from my father. They told me that you can only borrow money from your father for the real estate object you want, only if the down payment you pay isn't borrowed. They wanted my father to send a letter of confirmation to them that the money he gave me wasn't a loan. Also, I didn't think that I would need to clarify so many things about my bank statements that I thought were self-explanatory. If there are any transactions higher than a couple of 100 euros, you can be sure that they will ask you about it, or if you transfer money to somebody as well. For example, if you have a relative or any person to whom you send money regularly, like 100 euros every month, then you need to explain that as well" [IP-4];</p> <p>- "I had some struggles collecting all those documents. Sometimes, I didn't know where to take them from. For example, it could be on some government website, which I've never used before, and I just had to do research on how to get them. Some of the banks gave me clues about where I could search for them, but some of them just said I need this and this, and do your best. Good luck" [IP-5];</p> <p>- "After the initial offer, they ask you to send all the documents they have listed, including, for example, my ID and graduation certificate from Estonia. They informed me that I have to be sure, and it's on me to be sure that my residence permit will be extended after five years. This type of bureaucratic stuff, and then you can start negotiating right away" [IP-2];</p> <p>- "I have submitted the appraisal document and account statement. They have also asked, in my case specifically, to submit a document to prove the expected salary increase, which contractually states I will start getting more money from a certain date. It was important for the bank to consider that, so they could make a decision on the price limit at which I could buy the apartment" [IP-8];</p> <p>- "Every few months, they send me an email asking if I'm still in the country or inquiring about the status of my residence permit. I don't understand why they keep asking this because they have access to my bank account. If they see me spending money in Circle K, where would I be? Am I in Japan? I don't think so. I really don't get this" [IP-10].</p> |
| | | S.T. #15: Property Appraisal | Borrowers experience issues due to miscommunications between sellers, appraisers, and banks, which sometimes complicates or extends the appraisal process. | <p>- "I had to pay this real estate company for an appraisal, which feels almost like a scam because every single person interested in buying has to get their appraisal. This means that four or five people have done the appraisal, but they just send you the same thing they have already made and somehow charge you 300 euros" [IP-10];</p> <p>- "The banks ask for an appraisal. The learning there was that not all banks accept all appraisal firms. There are some big appraisal firms that usually cost more, which all the banks accept. Then there are some cheaper options that not all banks accept" [IP-7];</p> <p>- "This current home loan was a little bit complicated because the old owner didn't want to send me the Appraisal Act for whatever reason, which I know now. She was a 68-year-old lady, so I didn't want to argue with her about technical stuff because I wanted the house set at a good price. She said that she wanted to send the appraisal act to the bank herself, and then it turned out that the permission to use the house was missing from the appraisal act, which tells whatever institution that the building is built according to the Building Act, and everything is okay. The permission actually existed; it was just in the archives because it was an old house, and the lady didn't bother telling the person who was doing the appraisal that it existed. Anyway, we had a lot of phone calls with banks walking through everything that was wrong and incorrectly documented, and everything turned out to be fine" [IP-6].</p> |

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| | | S.T. #16: Process Uncertainty Stress | Borrowers' confusion and stress related to unfamiliar processes and uncertainty about next steps, requirements, or the timing of mortgage steps. | <p>- "I understand the confusion and I understand the stress, but in the end, a bank is a business and they really want to get your money, so they will really do their best to try and guide you as smoothly as possible through this process. That's what I felt. One thing I would have liked to know beforehand is how long exactly this process takes because we lived in the apartment of my girlfriend's parents. We had a stable home and weren't being kicked out in a rush to buy a new home. But let's assume that we lived in a rental and would have had to tell our landlord when our contract would be up and when we would be leaving for our new home. I would not have known how to estimate the exact amount of time that it takes me to actually sign the deed, take out the loan, and then move into my apartment. So I had no idea how much time this all takes" [IP-1];</p> <p>- "You're embarking on something that you've never done before. It's a big financial commitment in your life, and it has a lot of jargon around it. Probably what helps there is having conversations with friends and family. Maybe there should be an approachable, easy consulting service not associated with the banks so that they can explain to you these things, but those are the sort of concerns and things around this big unknown of what this means and how we go about it. Of course, you can read about all these things and then inform yourself as you take a big step. I guess it's sort of this completely unknown thing you must go through because you want to become an apartment owner. You need to get the loan, but then there's a lot of new information and things to orient yourself. It was more on the level of trying to figure out what an interest rate is, what Euribor is, and what earlier repayment is. What are all these insurances they're talking about?" [IP-11];</p> <p>- "I think the beginning was probably the hardest when you don't know some stuff yet, and how to align the timelines. You have to coordinate the things you need to provide to the seller with the things you need to provide and confirm with the bank, so facilitating all these different documents between the different parties was probably the most stressful part. Then, of course, waiting for the commission's decision is also a bit stressful because if we don't get this loan, what do we do? Generally, buying your first apartment is stressful, and I did feel sometimes there was a lot of that on me because I was the Estonian-speaking one, and so I had to be the one who communicated with everyone, and also shared all the information with my partner. Sometimes, it's very hard to translate things. They do provide documents in English for expats, but in general, this is probably the part that can still be developed because I can see how it can be more stressful for people who don't speak the language" [IP-12].</p> |
| | | S.T. #17: Experience-Based Confidence | Borrowers who had prior loan experience demonstrate greater confidence and reduced stress navigating the application and management of subsequent loans. | <p>- "No one really gave me advice, and I understood the process relatively well. I studied finance, and by the time I was applying for a loan, I was already working in finance for several years, so everything was pretty familiar and understandable to me. I have asked my mom, who works in the bank, for advice, but she is not working in the lending department, so she couldn't tell me much. I wouldn't say I had many questions, as I knew how things worked, and whenever I wanted to consult about something, the bank's loan officer was communicating and replying to me. Now is the second time I am applying for the home loan, and I know what to expect, and the system works the same way" [IP-9];</p> <p>- "The first time, my ex-partner did most of the communication, so it was just opening the bank for me, and I didn't understand half of the words they talked about at the notary. The second time, I still didn't understand some of those words, but it was fine, and now, for the third time, I kind of semi-understand what it means, and I didn't really have any questions. I just said I want this house. These are all my bank statements from all of my banks. This is what I owe for my student loan. Please approve a home loan" [IP-6].</p> |

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| T5: Borrowers' Emotional Experience | Borrowers experience a range of emotions during the mortgage journey. While some borrowers found the mortgage process relatively smooth and straightforward, especially if they have prior experience and supportive peers, many others still feel stressed and uncertain at various stages. | S.T. #18: Peer Support | Advice, recommendations, and reassurance from peers provide clarity and confidence to borrowers throughout the mortgage process. | <p>- "Of course, I asked family members and also friends not only about the loan, but the whole process of signing over the property. Like how does it work? I have never taken a loan. It's a big responsibility" [IP-7];</p> <p>- "I got help and learned some things from my colleagues in our daily conversations, and I remember sometimes checking social media groups and learning from the experiences that people shared in the expat communities online" [IP-8];</p> <p>- "I remember we were discussing the interest rates with my parents, and it was just interesting to see my parents' bank loan contracts that they had taken 10 years earlier. I also asked my sister about their house and what loan interest they have. But I think the most useful resource was one Facebook group, where people often asked about and discussed home loans, which gave a ballpark estimate of where we could be with the interest rate" [IP-11];</p> <p>- "My friend had taken a loan out right before me, so he explained why he chose what he chose and gave some tips. He chose a different bank, not his home bank, so he had to bring his salary into that bank, and they signed him up for a credit card. I thought, you know what, I'm having none of that" [IP-1];</p> <p>- "I had colleagues who had the experience of getting a loan, and everybody just told me to fill out the application to get an initial offer because loan calculators don't really matter. I also know from my friends' experience who have bought apartments before me that you can even ask for some additional benefits such as gold client status, some cards, or some insurance for free. If you have more time, you can really haggle with banks and get a pretty nice deal out of it" [IP-2];</p> <p>- "I definitely discussed with some people, especially when I got the offers, which I shared with my mom. She's working in finance, so I wanted her advice and thoughts on what to pay attention to in the conditions and if there is anything that we should be mindful of. I remember one of my colleagues at the time had a friend who was a loan officer at a bank, so we managed to get in touch with her, and she would handle our case. This was nice in the sense that there was someone familiar, and there was a bit more trust. Otherwise, we mainly talked with some close family members who helped us review it" [IP-12].</p> |
| | | S.T. #19: Rate Volatility Anxiety | Fluctuations in interest rates cause anxiety among some borrowers regarding their financial planning and stability. | <p>- "The Euribor rate is updated every six months, but I don't get any notification about it or how it actually affects my loan. The European rate is displayed prominently on the bank's website, but it doesn't pertain to my specific loan, and I don't know when my 6 months are up. I have to calculate for myself when my Euribor actually changes" [IP-1];</p> <p>- "The changes in the Euribor rate are currently not so important anymore because the Euribor rate has dropped, but at one point, it was, of course, a bit stressful. At the same time, I was very happy I didn't max out my capabilities of taking a home loan. It was rather a cheap loan, so I wasn't so badly affected by the Euribor rates. One interesting thing in Latvia is that when the Euribor rates went super high, the payment didn't become proportionally higher because some laws or banks' policies state that the increase in monthly repayment could go up to 20%. This means that a bigger proportion of the payment goes towards the interest rate instead of the principal, so at some point, almost all of your entire payment covers the interest rate. The loan principal doesn't get smaller. You're just paying interest rate, and that's it" [IP-7];</p> <p>- "Euribor is recalculated every 6 months, so I'm paying attention to the Euribor changes in the news. When the Euribor recalculation date approaches, I check how they calculate it and verify with them. The first time they recalculated it, the calculation didn't match what I expected, so I asked them, and they explained their calculation logic, which depends on the number of days in the month. Depending on the days of the month, it can change, and somehow, I pay 5-6 euros more than shown in the loan calculator. It's a small amount that I don't get to the bottom of it. Actually, I would like to have an explanation for that; it is just not worth the energy to spend and find out. I know the amount I will pay for the next 6 months, but starting after that, I don't know how much I will pay. No one knows what the Euribor rate will be at that time. I'm just doing calculations, trying to understand how an increase in the interest rate affects the total interest paid in 30 years. I'm doing different scenario calculations" [IP-8];</p> <p>- "Our Euribor changes every six months, and we get notifications when the interest rate is about to change because of this. It is a bit strange how they communicate that because, at first, it was not very clear if the change was going to apply to a current month immediately. By now, we figured out that they usually just announce it, and then it gets into effect in the next month. So this communication is a bit messy sometimes, but we do receive these notifications regularly via email and internal bank messages" [IP-12].</p> |
| | | S.T. #20: Loan Management Approach | Borrowers tend to take a passive approach to their mortgage post-approval, allowing automatic payments to run without revisiting loan terms or actively tracking their repayment progress. | <p>- "I don't track my loan. I wanted to take out a loan and forget about it, and so I did. The actual paying is surprisingly easy. I don't do any of the paying, and the bank itself takes the money from my bank account without giving any notification, which is great because I don't want to pay attention to it. The only thing that I needed to be sure of was that I had enough money on that specific date for the bank to take" [IP-1];</p> <p>- "The monthly payments get taken automatically from my bank account, so I have no idea, actually. It's automatic, so it's always leaving my bank account, and I don't have to think about it at all. I don't really check the changes in the Euribor either. I did notice that it rose a bit after I bought it, and I remember paying more in the first year, but now it has come down, and that's all I've noticed about it. The Euribor would have to go up a lot for me to get worried, and then it would imply other problems" [IP-10];</p> <p>- "We haven't had to manage anything. It's all automatic. The payments go out of my account every month. If the Euribor changes, the bank adjusts it for us. It's almost like investing in index funds, where you put your money there and forget it in a way" [IP-11].</p> |

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| T6: Post-Approval Loan Management | After loan approval and disbursement, many borrowers become passive in their engagement with the loan. They rarely monitor their progress or proactively manage repayments, and while some consider refinancing or making extra payments, the lack of information or inertia often prevents them from following through. | S.T. #21: Bank Updates | Borrowers report a lack of communication from banks after the loan is issued, mentioning that even important updates like Euribor adjustments and monthly payment changes are not always proactively shared. | - "I would still like to know when my Euribor changes drastically. The Euribor that applies to my specific loan is supposed to change every six months. Technically, according to the past year, my loan should have gotten cheaper a little bit, and I would like to have gotten a little notification about it, like today your 6-month Euribor has changed, so your loan becomes a little bit cheaper" [IP-1] ; - "The bank doesn't notify me about the Euribor change, and it's fine with my current home loan. I don't really mind because my salary goes to the bank anyway, but I remember that my salary and loan were in different banks during my last loan. Plus, six months is a long time, and it starts from the next month, not the same month you go to the notary. Even though I had an automatic payment to my other account at the beginning of each month, I remember receiving an email at some point in the middle of the month, saying that I owed the bank 100 euros because Euribor had changed. I asked about it because I thought they should notify me. They replied that they don't notify of the Euribor changes. They only notify if the base interest changes, and then everything else should be up to me to know" [IP-6] . |
| | | S.T. #22: Loan Refinancing | Some borrowers express interest in refinancing to obtain better terms when market rates decline. However, they delay or abandon the idea despite recognizing potential benefits due to a lack of clarity and support. | - "Of course, a bank is not going to provide that, but I would like some information about when I should refinance my loan. One year later, I heard from friends and relatives that Euribor rates had lowered considerably, and maybe I would like to know if this is a good opportunity to try and refinance my loan in a different bank, but there is no central website or tool that allows me to compare different banks' base rates at any given time and maybe the past three-month trend of how the base rates have fluctuated, grown or decreased" [IP-1] ; - "For a moment, there was a trend in this Facebook group among people to renegotiate their interest rates, and for a moment, I just had the thought, should I also look into this, or do this? But then, seeing the responses and discussions going on, it didn't seem worthwhile to bother with that. A part of it might be because of how busy our work life is. Sometimes, we just don't have the attention for these things. If I had tried to initiate some change, I don't know whether I could have done all of that online or not. I'd have to look further into that" [IP-11] ; - "I haven't received information about refinancing the loan. I think it goes against their interest, but there was a big boom some months ago when everyone said that if you pay more than 2%, you're most likely overpaying and have to refinance it. You have to pay this one-time fee, but in the long term, you will pay a lot less. I got a very good interest rate, considering this house is not A+ energy efficient, older than 40 years old, and so on. I got an interest rate that was considered very good at that time. Currently, I might get a smaller interest rate, but I haven't checked it" [IP-7] . |