A STUDY ON PROBLEMS FACED AND AWARENESS OF OMBUDSMAN SCHEME AMONG THE CUSTOMERS OF VARIOUS BANK

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ABSTRACT

The Banking Ombudsman Scheme is like a fast track and inexpensive forum for the customers of the bank for resolution of their complaints regarding the services rendered by the banks in India. They are largely financially illiterate and have limited awareness. The level of awareness on simple aspects like need for timely payment of the bills, credit card dues and loans etc. is absolutely low among this group of bank customers. They aren't really aware about the unforeseen penalties that they might end up paying for their failures to make timely payment of bills/credit card dues. This asymmetry of information leads to grievances, which are typical and pose difficulties in resolution.

I. INTRODUCTION

The Banking Ombudsman creates an onus through Section 35A of the Banking Regulation Act, 1949 to appoint a banking ombudsman, who is a senior official not below the rank of Chief General Manager or General Manager appointed by the Reserve Bank of India. The scheme came into effect from the year 1995 and presently the current operational scheme is Banking Ombudsman Scheme (amended up to July 1, 2017). The main aim of the scheme is to have a resolution scheme related to the services rendered by the banks in case the customer is not satisfied with the same and in cases where there is no solution provided by the banks for settlement of such complaints and disputes. The Banking Ombudsman Scheme extends to the whole country and covers the business of banking industry in the country that means all scheduled commercial banks, rural banks, cooperative banks will come under the purview of the scheme.

OBJECTIVES OF THE STUDY

• To study and analyse the awareness level of Bank customers regarding complaint procedures and Banking Ombudsman Scheme.

• To give suggestions on the basis of the study towards the spreading of the awareness among customers by different tools.

SCOPE OF THE STUDY

The study would involve conducting surveys with customers to gauge their level of awareness of the scheme and their experience in dealing with the Ombudsman. The survey questions could include queries related to customers’ familiarity with the Ombudsman scheme, their knowledge of how the scheme works, and their past experience with submitting a complaint to the Ombudsman. The study could also explore the role of banks in promoting awareness of the Ombudsman scheme to their customers. This could include analysing the level of information provided by banks about the scheme on their websites, brochures, and other promotional materials. The study could also investigate the methods used by banks to inform their customers about the scheme, such as emails, SMS, or in-person communication. It would be beneficial to conduct a study on why customers are switching exclusively to other banks due to dissatisfaction, as well as the reasons behind their dissatisfaction. The findings of the study could be used to recommend strategies for improving the awareness of the Ombudsman scheme among customers of various banks. Such strategies could include developing targeted marketing campaigns, simplifying the process for submitting a complaint to the Ombudsman, and improving communication channels between the Ombudsman and customer.
II. REVIEW OF LITERATURE

Authors Abhik Kar Venkataaramana S. R. (2020) in their article framed an evaluation model as 4Ps to convert the complaints into customer experience. They have suggested that customer complaints are an opportunity for banks to revamp their complaint management process. Suggestions given by these authors seems to be possible way to come out of the customer complaint process.

Kumar and Kumar (2019) the authors found that while the overall awareness of ombudsman schemes among bank customers was low, customers who had experienced a complaint or dispute with their bank were more likely to be aware of the ombudsman scheme. The study recommended that banks should provide information about the ombudsman scheme to customers at the time of account opening, and that banks should also make it easier for customers to access the ombudsman scheme when they have a complaint.

Caroleena Janefer and Abubakkar Siddiq (2018) observed that with the increasing complaints, the RBI should give a thought towards increasing the number of Ombudsmen which may minimize the need for customers to approach other for a redressal of their complaints. They also show that new modes of payments & settlements coming up and banks increasingly bringing in newer products, offerings & services the total number of banking transactions is growing.

Singh and Kumar (2017) found that while customers were generally aware of the existence of ombudsman schemes, they lacked knowledge about the specific details of the schemes, such as the types of complaints that can be made and the process for making a complaint. The study recommended that banks should do more to educate their customers about the ombudsman scheme and how to access it.

Mamta and Syeda and Mathur (2016) in their paper initially focuses on the Banking ombudsman Scheme and further analyses the reasons behind dissatisfaction among the bank customer in Jaipur district in Rajasthan. From this study it is concluded that many customers are dissatisfied with the bank services mainly due to delay in services but only the few customers approach to banking Ombudsman for their grievances.

Patil (2011) in his study pointed out that the awareness of the Banking Ombudsman Scheme provided by RBI is much low and the need is to create awareness of the scheme. The most specific observation the study rendered it shall be appropriate if the individual UCBs have their ombudsman for speedy settlement of the customers' grievances.

Mahesh Baburao (2011) points out that the awareness provided by the Reserve Bank of India is much low and still awareness has to be created. He also points out that if there is an individual ombudsman for each urban co-operative bank, then objectives would be satisfied.

Goyal and Thakur (2008) concludes that public sector banks that have no monopoly licenses are to be given to new public sector banks and foreign banks. However, when the public sector banks realized that government was no longer there for them, they started devising various strategies for survival and growth. In the present study, the researcher has taken 3 public and private sector banks.

Kamakodi (2007) examines how computerization has influenced the banking habits and preference of Indian customers, and which factors influence these preferences. Changing of residence, salary and non-availability of technology based services were given as the three main reasons for changing bank.

Shankar (2004) asserts that customer service in banks means satisfying the needs of customers at Shankar the right time and in the right manner with accuracy, reliability, high service speed, security and enquiry facility for an efficient customer service. The excellent and managing customer relationship is the future of any business or everybody's business. To reduce the complaints, bank should improve service because the survival of banking business is dependent on customer service.

III. RESEARCH METHODOLOGY

SAMPLE SIZE

This study was conducted with the sample size of 130 respondents were collected through convenient sampling method i.e., Google forms.

SAMPLING METHOD

There are different types of sampling method which is being used by the researchers in market research so that
they do not need to research the entire population to collect actionable insights. It is also a time convenient and cost–convenient method and hence forms the basis of research design. Here the sample is collected by Google forms.

**PROFILE OF THE STUDY**

In the banking system, Bank gives us the different services likewise opening the new fixed deposit account, saving account, providing business loan to the businessman, also gives the Debit card, Credit card, ATM card etc. The banks also provides the online services which is more important in today's world. Any person who want to lives in a better way they can get different services form the different banks. Any person can make the better financial management with the help of banking system and they will feel secure themselves from any financial emergency or from natural disaster which will happened anywhere at any time. Banking Ombudsman is a concept relating to the Customer’s compliant regarding banking services. This is a scheme which is also related with different complaints against the banking services which are provided by banks to their customers. It means that each and every customer have an right to take benefits of different banking services but In case the customer feel unsatisfied about the banking services then they can solve the problems with the help of Banking Ombudsman Scheme.

The government appoints a banking Ombudsman who is a very senior official. The particular schemes hope to offer a remedy to people who are in dispute with any bank which comes under the country's services. When no definite solution is being provided by the banks in terms of settlement consumers can hope to bring up their cases to the banking Ombudsman of the country. The concept of a banking Ombudsman was first implemented and brought into effect by the reserve bank of India in the year 2006. The particular date on which it came into existence is the 1st of January 2006. When a banking Ombudsman is appointed, he may only serve for a period not exceeding three years and be eligible for extension for a further period not exceeding two years subject to an overall age limit of 65 years. 13 This particular service which is provided to every consumer is completely free of charge. The scheme known as banking Ombudsman applies to all rural, commercial, regional, and cooperative banks all across the country

**IV. ANALYSIS OF DATA**

The data collected through this study was analysed using
1. Simple percentage analysis.
2. Rank analysis
3. Weighted average analysis
4. Chi – Square analysis

**SIMPLE PERCENTAGE ANALYSIS**

**MARITAL STATUS**

<table>
<thead>
<tr>
<th>S.No</th>
<th>Marital Status</th>
<th>No.of Responses</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Unmarried</td>
<td>101</td>
<td>77.7%</td>
</tr>
<tr>
<td>2</td>
<td>Married</td>
<td>27</td>
<td>20.8%</td>
</tr>
<tr>
<td>3</td>
<td>Divorced</td>
<td>2</td>
<td>1.5%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>130</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**INTERPRETATION:**

The above table 4.3 shows that, out of 130 responses take for the study, 77.7% of the responses are Unmarried, 20.8% of the responses are Married, 1.5% of the responses are Divorced.
RANK ANALYSIS

EXPERIENCE ON SERVICE

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Overall Experience</th>
<th>1(5)</th>
<th>2(4)</th>
<th>3(3)</th>
<th>4(2)</th>
<th>5(1)</th>
<th>Total</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Excellent</td>
<td>57</td>
<td>25</td>
<td>22</td>
<td>9</td>
<td>17</td>
<td>130</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>285</td>
<td>100</td>
<td>66</td>
<td>18</td>
<td>17</td>
<td>486</td>
<td>I</td>
</tr>
<tr>
<td>2</td>
<td>Very Good</td>
<td>28</td>
<td>52</td>
<td>23</td>
<td>15</td>
<td>12</td>
<td>130</td>
<td>II</td>
</tr>
<tr>
<td></td>
<td></td>
<td>140</td>
<td>208</td>
<td>69</td>
<td>30</td>
<td>12</td>
<td>459</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Good</td>
<td>28</td>
<td>23</td>
<td>54</td>
<td>13</td>
<td>12</td>
<td>130</td>
<td>III</td>
</tr>
<tr>
<td></td>
<td></td>
<td>140</td>
<td>92</td>
<td>162</td>
<td>26</td>
<td>12</td>
<td>432</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Fair</td>
<td>20</td>
<td>42</td>
<td>34</td>
<td>21</td>
<td>13</td>
<td>130</td>
<td>IV</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100</td>
<td>168</td>
<td>102</td>
<td>42</td>
<td>13</td>
<td>425</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Poor</td>
<td>32</td>
<td>29</td>
<td>31</td>
<td>18</td>
<td>20</td>
<td>130</td>
<td>IV</td>
</tr>
<tr>
<td></td>
<td></td>
<td>160</td>
<td>116</td>
<td>93</td>
<td>36</td>
<td>20</td>
<td>425</td>
<td></td>
</tr>
</tbody>
</table>

INTERPRETATION

From the ranking analysis, it is found that Excellent is ranked as 1, Very good is ranked as 2, Good is ranked as 3, Fair is ranked as 4, Poor is ranked as 5.

WEIGHTED AVERAGE ANALYSIS

LEVEL OF SATISFACTION

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Level of Satisfaction</th>
<th>1(5)</th>
<th>2(4)</th>
<th>3(3)</th>
<th>4(2)</th>
<th>5(1)</th>
<th>Total</th>
<th>Mean Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Satisfied</td>
<td>55</td>
<td>31</td>
<td>19</td>
<td>13</td>
<td>12</td>
<td>130</td>
<td>3.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>275</td>
<td>124</td>
<td>57</td>
<td>26</td>
<td>12</td>
<td>494</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Very Satisfied</td>
<td>26</td>
<td>58</td>
<td>24</td>
<td>16</td>
<td>6</td>
<td>130</td>
<td>3.63</td>
</tr>
<tr>
<td></td>
<td></td>
<td>130</td>
<td>232</td>
<td>72</td>
<td>32</td>
<td>6</td>
<td>472</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Natural</td>
<td>28</td>
<td>30</td>
<td>48</td>
<td>17</td>
<td>7</td>
<td>130</td>
<td>3.42</td>
</tr>
<tr>
<td></td>
<td></td>
<td>140</td>
<td>120</td>
<td>144</td>
<td>34</td>
<td>7</td>
<td>445</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Unsatisfied</td>
<td>27</td>
<td>36</td>
<td>36</td>
<td>25</td>
<td>6</td>
<td>130</td>
<td>3.40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>135</td>
<td>144</td>
<td>108</td>
<td>50</td>
<td>6</td>
<td>443</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Very Unsatisfied</td>
<td>31</td>
<td>35</td>
<td>26</td>
<td>25</td>
<td>13</td>
<td>130</td>
<td>3.35</td>
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<tr>
<td></td>
<td></td>
<td>155</td>
<td>140</td>
<td>78</td>
<td>50</td>
<td>13</td>
<td>436</td>
<td></td>
</tr>
</tbody>
</table>

INTERPRETATION

The above table shows the various satisfaction level towards resolution of the complaints provided at office of banking ombudsmen.

CHI – SQUARE ANALYSIS

Relationship between type of account and occupation

Hypothesis:

There is significant relationship between type of account and occupation
Chi-square Test

<table>
<thead>
<tr>
<th>Factor</th>
<th>Calculation value</th>
<th>Df</th>
<th>Table value</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of account</td>
<td>49.357</td>
<td>10</td>
<td>&lt;.001</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

INTREPRETATION:
At 10% significance level calculated value is 49.357 and table value <.001. The calculated value is more than the table value, therefore the hypothesis is rejected. There is significant relationship between type of account and occupation.

V. SUGGESTIONS

- The study has found that some customers are not aware of the banking ombudsman scheme and are hesitant to make complaints. There is a need to create awareness about the scheme and its benefits by developing methods to achieve this goal.
- The Reserve Bank of India needs to take various measures to increase awareness about the customer-oriented grievance redressal schemes, such as the banking ombudsman scheme.
- The banks should provide timely updates to customers about the status of their complaint. This will help customers feel valued and show that their complaint is being taken seriously.
- Banks should improve their communication channels with customers. They should provide clear and concise information about their products and services, and be transparent about their fees and charges.

VI. CONCLUSION

Complaints in one of the most sensitive contact points in the customer experience lifecycle. Customer experience resulting from complaints can either improve customer loyalty or cause customer churn. Dissatisfied customers with emotionally negative experience have a major impact in the long run. Complaints handling represents a valuable opportunity for banks to rebuild and enhance their relationship with customers. Complaints is not just another compliance item, rather it is an opportunity for banks to gain a competitive edge. Complaint data provided by Banking Ombudsman Scheme shows that there is an increasing trend in number of complaints (even though the disposal rate is decreasing). Hence, there is possibility of shifting to other banks by the loyal customers, who are holding accounts for more than 10 years. Therefore, Banks will need to work towards adopting the proposed framework and invest in people, process, technology, and reviving their current Complaint Management process like Banking Ombudsman Scheme.

VII. REFERENCES


https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12192&Mode=0
