

Working of Banking Ombudsman in Alleviating the Grumblings of the Customers

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ABSTRACT: In the present competitive scenario, customer is considered to be the 'king' which is why utmost importance is given to them. Right from tailoring the goods/services to delivery of the goods/services, everything is done keeping in mind the requirements of customers. However, competition is tougher in case of service industries because service eminence is the ethos of several progressive companies over the world. With this augmenting emphasis on service delight and service quality, the banking industry is becoming increasingly competitive. Therefore, service quality and customer satisfaction are the two most important factors that the banks must understand. While measuring the satisfaction of the customers, the banks must give due importance to the complaints and process for handling them because they have the potential to have an adverse effect on customer satisfaction and loyalty. To handle the complaints more effectively, the RBI in the year 1995 introduced an expeditious and inexpensive scheme to be known as Banking Ombudsman Scheme which became operative from 2006. Some proactive measures have been taken by the RBI to increase awareness of this scheme, as a result of which number of complaints received through this forum has augmented in recent time. Thus an attempt has been made in this paper to highlight the important areas of complaints made by the customers of Axis Bank and to examine the role played by banking ombudsman in mitigating those complaints.

Keywords: Customer satisfaction, Customer Loyalty, Service Delight, Service Quality, Grievance Redressal, Banking Ombudsman.

I. INTRODUCTION

The success towards consumer loyalty lies in giving them speedy, effective and bothers free items/benefits that they require. Regardless, the genuine level is not exactly the normal level, disappointment may happen. Be that as it may, if the normal level is not exactly the real or wanted level, he turns into a devoted client. The banking

industry being a service industry, satisfaction of the customer is the most vital part. But today's business is majorly looking into profits and little or rather no importance is given to fulfill the expectations of the customers. It is thus the grievances of the customers come in place where their expectation is not fulfilled or taken proper care of by the respective banks. Complaints are made by the customers in various banking services with regard to insufficient services relating to ATM cum debit card, loans, pensions etc. Subsequently, so as to assist the cycle of settlement of the complaints of the client in a productive way, the Reserve Bank presented Banking Ombudsman Scheme in June 1995 U/S 35 of the Banking Regulation Act 1949. This plan empowers expedient and economical approach to explain the objections raised by the bank's clients towards specific administrations delivered by the banks. The BO is a position working under India's Banking Ombudsman Scheme, and it was made in accordance with the a choice by the Government of India to empower goal of grievances of clients of banks identifying with specific administrations delivered by the banks. In the wake of the disappointment in the proficient administrations of the banks, the RBI brought this plan for the brief, productive and obliging administrations and furthermore to secure the privileges of the clients. The Banking Ombudsman is a senior authority designated by the Reserve Bank of India to change client grumblings against inadequacy in certain financial administrations. Today, the scheme covers almost all kind of complaints for banking services. There are a total of 21 Banking Ombudsman offices in our country.

1.1 Paradigm Shift of BOS 1995 to BOS of 2006

The attempt over years has been to extend the scope and jurisdiction of the Banking ombudsman to hitherto uncovered areas. This has been done in two ways:

A . **Coverage of banks:** Under the 1995 Scheme, only commercial banks and Scheduled Primary Co-

operative Banks, having a place of business in India, were covered. Then 2002 Scheme extended its base by including within the definition of 'bank' such entities as Regional Rural Banks, State Bank of India, and 'subsidiary bank' as defined in Part I of the Banking Regulation Act, 1949. Even the Scheduled Commercial banks are covered under the latest scheme of 2006. **(Pranam)**

B. Entertainment of Complaints: Reserve Bank of India has expanded the ambit of the banking ombudsman to include customer complaints relating to credit cards, deficiencies on the part of sales agents of banks to provide promised services, levying service charges without prior notice to the customer and non-adherence to the fair practices code as adopted by individual banks. It has also allowed complainants to file their complaints online and appeal to it against the judgments given by the banking ombudsman **(Pranam)**.

II. REVIEW OF LITERATURE:

The newly launched Complaint Management System (CMS) that symbolizes RBI's commitment to improve customer experience in grievance redressal process by ensuring timely resolution of complaints received at the Reserve Bank. CMS envisages improved customer convenience by providing a single window on Reserve Bank's website for lodging complaints against any regulated entity and the complaint would be directed to the appropriate Office of the Ombudsman/Regional office of RBI. **(Business standard.com,2019)**.

Clients for sure had regular grumblings and these incorporate lining time, absence of item assortment, high upkeep expenses, high exchange charges, unbending credit office application prerequisites, high financing costs rather than net revenues, unpredictable turnaround time for electronic exchanges, irregularity in dispatching statements of accounts to clients and money withdrawal limits being excessively low and that the client objections were substantial and banks have not been focusing on client grievances **(Felix & Clever, 2016)**.

The Ombudsman scheme is a boon and a significant channel for redressal of complaints by the overall population against banks and banking administrations. It is outlined in such comportment that it doesn't remove the purview of different courts, and subsequently, troubled individuals don't spare a moment in utilizing the financial ombudsman as an essential discussion for pronouncement of debates with respect to banks **(Dhar,Pranam)**.

The Banking Ombudsman Scheme is doing their duty effectively because there were not much pending complaints more than a month **(Girivasuki & G,2015)**

Resolving customer grievances was a vital part of satisfaction of the customers and the advent of the Banking Ombudsman Scheme was an appreciable decision towards this direction. The Banking Ombudsman scheme brought about an easy and affordable system to resolve the complaints of the customers, which was earlier a time consuming process and capital consuming process. **(Kolekar, 2016)**.

The objective of each and every bank should be to satisfy its customers by enabling them with highest possible features in their services including dispute redressal services. Thus the banks should facilitate an efficient complaint redressal mechanism to its customers and monitor it regularly so as to ascertain their satisfaction level. **(Saxena & Vikramjit,2017)**.

To boost satisfaction, trust and reliability, banks must have the option to deal with/fathom the protest well. They are required to fare thee well and focus towards clients who gripe; they should be fast in taking care of the objection and must encourage equivalent/reasonable in taking care of the grumblings. To prevail upon clients trust, banks must e fit for conveying practical guarantee and ought to likewise be amiable and tolerance while managing the clients so as to accomplish extreme consumer loyalty **(Supriaddin & Palilati,2015)**.

The working of the redressal instrument of Indian Banking uncovered the way that the exhibition is acceptable as the removal of objections are quick handling more number at lesser time. Her investigation deduced that the redressal instrument is working great in holding fast to the requirements of the clients with rapid removal of grumblings. It was additionally derived that complainants generally in rustic and semi metropolitan zones utilized predominantly postal mode to enroll their grumblings. Utilization of innovation appeared to be absent in those zones **(V.Darling,2013)**

The BO scheme is a shelter and a significant channel for redressal of complaints by the overall population against banks and banking administrations. This scheme is perhaps the most ideal approaches to take care of the issues of the shopper and improve the relationship of the client with the bank **(Velu & Amarjothi,2014)**.

III. OBJECTIVES OF THE STUDY:

- a) To highlight the total complaints received by Banking Ombudsman.
- b) To bring forth the performance of Banking Ombudsman in mitigating those complaints.

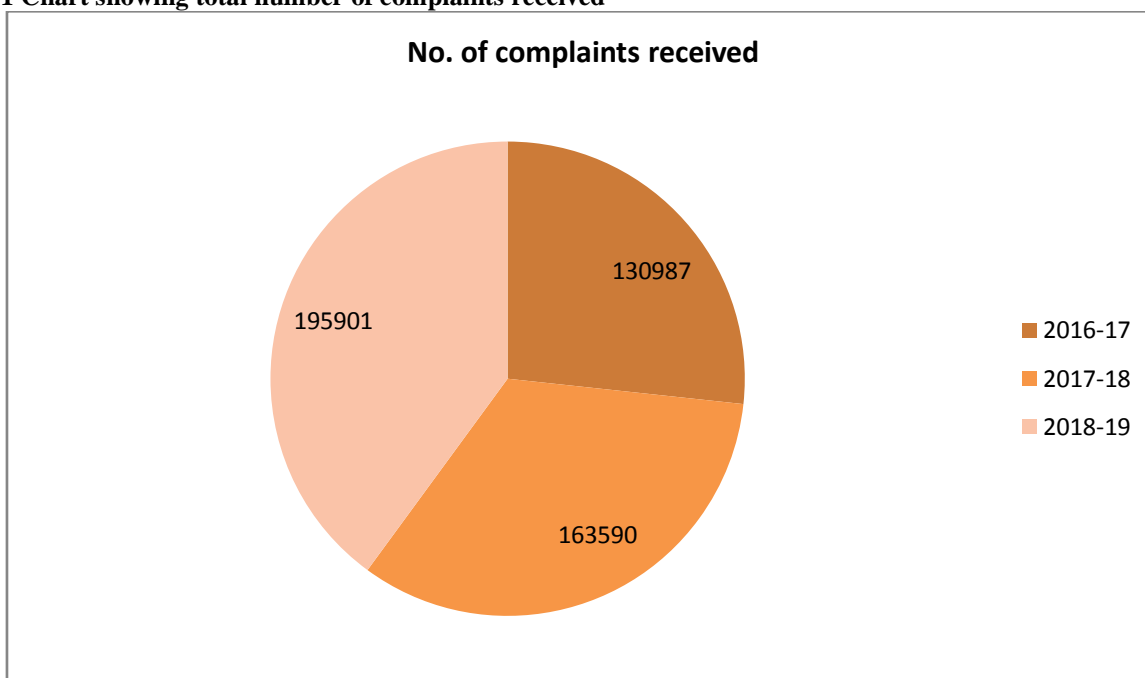
- c) Data collection method: Data has been collected from secondary sources only mainly from the annual reports available in RBI's website also information was gathered from various journals, websites and articles.
- d) Data analysis tool: **MS EXCEL 2007** has been used to analyze the data. The data has been represented using Bar Graphs and Pie Charts so as is readily understandable by the viewer.

IV. RESEARCH METHODOLOGY:

- a) Study design: The present study was descriptive and analytical in nature
- b) Study period: The present study was considered for a period of 3 financial years i.e. from 2016-17 to 2018-19.

V. DATA ANALYSIS & INTERPRETATION

5.1 Chart showing total number of complaints received



Source: Compiled from the annual reports of Banking Ombudsman

Inferences: The above chart 5.1 depicts that the total number of consumers' complaints have increased from 130987 to 195901 during the last 3 financial years, which clearly indicates that with

the increase in the retail banking business over the past few years, customers' grievances have also increased

5.2 Table Showing BO Wise Complaint

BO OFFICE	No. of complaints received during					% increase in				
	2014-15	2015-16	2016-17	2017-18	2018-19	2014-15	2015-16	2016-17	2017-18	2018-19
Ahmedabad	4965	5909	9552	9607	9796	8.22	19.01	61.65	0.58	1.97
Bangalore	4610	5119	7042	8906	11044	12.41	11.04	37.57	26.47	24.01
Bhopal	5451	574	5671	4050	6107	11.09	5.45	-1.34	-28.58	50.79

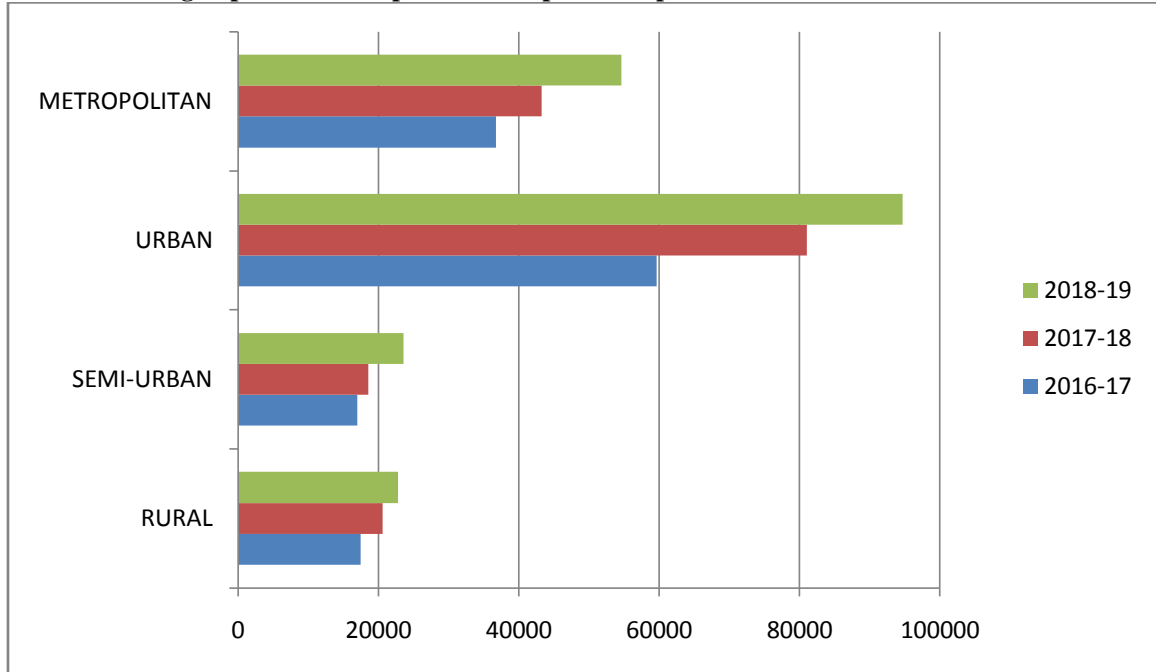
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Bhubaneswar	2448	3050	2582	2810	4138	63.42	24.59	-15.34	8.87	47.21
Chandigarh	3131	4571	8189	10026	13063	-0.98	45.99	79.15	22.43	30.29
Chennai	8285	8645	9007	10642	11557	-5.58	4.35	4.19	18.15	8.60
Dehradun	0	0	948	3171	3958	0	NA	NA	234.49	24.82
Guwahati	1054	1328	1569	1601	2061	36.88	26.00	18.15	2.04	28.73
Hyderabad	4366	5910	6570	8049	10391	-2.48	35.36	11.17	22.51	29.10
Jaipur	4088	4664	6740	9068	11455	-0.39	14.09	44.51	34.54	26.32
Jammu	0	0	30	501	908	0	NA	NA	1570	81.24
Kanpur	8818	9621	8150	13314	14314	5.11	9.11	-15.29	63.36	7.51
Kolkata	5277	4846	7894	10631	11793	12.32	-8.17	61.66	35.70	10.93
Mumbai-I	10446	12333	16299	18085	13106	4.83	18.06	32.16	10.96	-27.53
Mumbai-II	0	0	0	1884	10162	0	NA	NA	NA	439.38
New Delhi-I	14712	22554	24837	26653	33690	33.20	53.30	10.12	7.31	26.40
New Delhi-II	0	0	4935	9084	11242	0	NA	NA	84.07	23.76
Patna	4456	5003	6225	7946	7998	36.98	12.28	24.43	27.65	0.65
Raipur	0	0	237	1211	1906	0	NA	NA	410.97	57.39
Ranchi	0	0	715	1894	2174	0	NA	NA	164.90	14.78
Thiruvananthapuram	1024	3593	3885	4456	5038	6.44	18.82	8.13	14.70	13.06

Source: Compiled from the Annual Reports of BOS, RBI.

Inference: From the above table, it can be inferred that in 2016-17, New Delhi has registered itself with 24837 complaints being the highest, followed by Mumbai with 16299 complaints and Ahmedabad with 9552. In 2017-18, New Delhi has registered itself with 26653 complaints being the

highest, followed by Mumbai with 18085 complaints and Kanpur with 13314 complaints. In 2018-19, New Delhi has registered itself with 33690 complaints being the highest, followed by Kanpur with 14314 complaints followed by Mumbai with 13106 complaints.

5.3 Chart Showing Population Group-Wise Receipt of Complaints



Source: Compiled from the Annual Report of BOS, RBI

Inference: The above chart shows that maximum complaints have been received in urban areas out of which 94,745 complaints have been received in the year 2018-19. Complaints in the rural areas were

found less as compared to the other areas. The reason may lie due to their lack of awareness about the scheme and its applicability.

5.4 Chart Showing Mode of Receipt Of Complaints

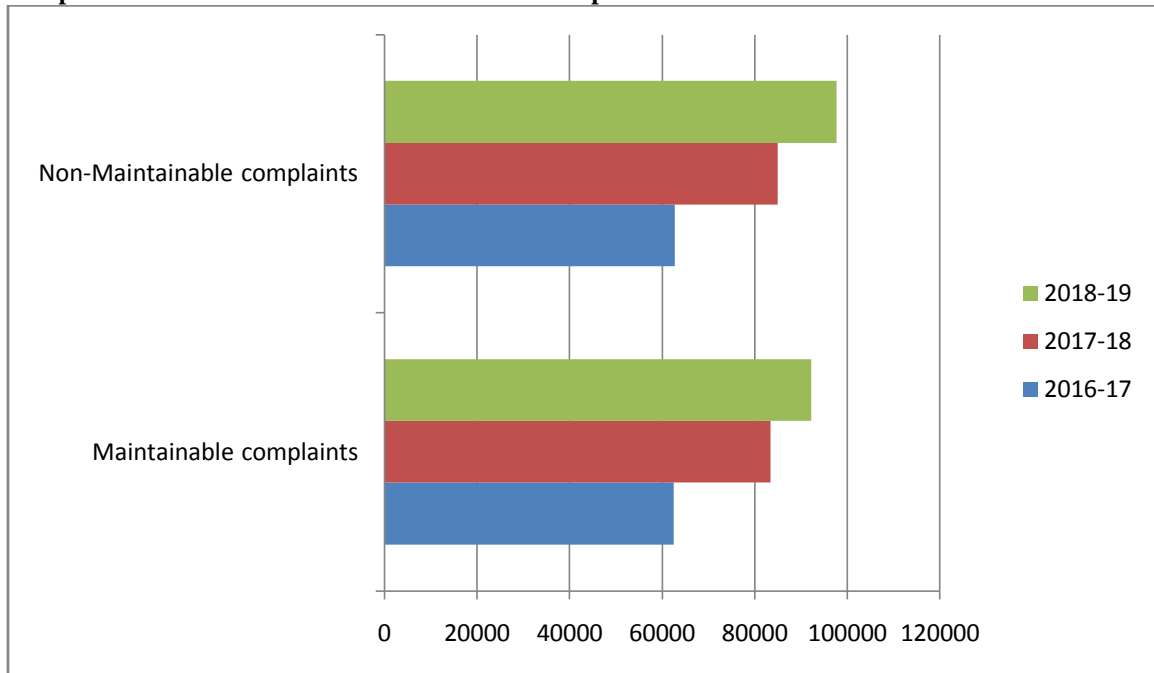
Mode of Disposal	Year		
	2016-17	2017-18	2018-19
E-mail	44%	49%	49%
Online	17%	15%	23%
Post/Fax/Courier/Hand Delivery	39%	36%	28%

Source: Compiled from the Annual Reports of BOS, RBI

Inference: The above chart reflects that in 2016-17, 2017-18 & 2018-19 E-mail was the most popular mode of receiving complaints followed by

post/fax/courier and hand delivery. Lodging complaints online was the least popular method.

5.5 Disposal of Maintainable/ Non-Maintainable Complaints

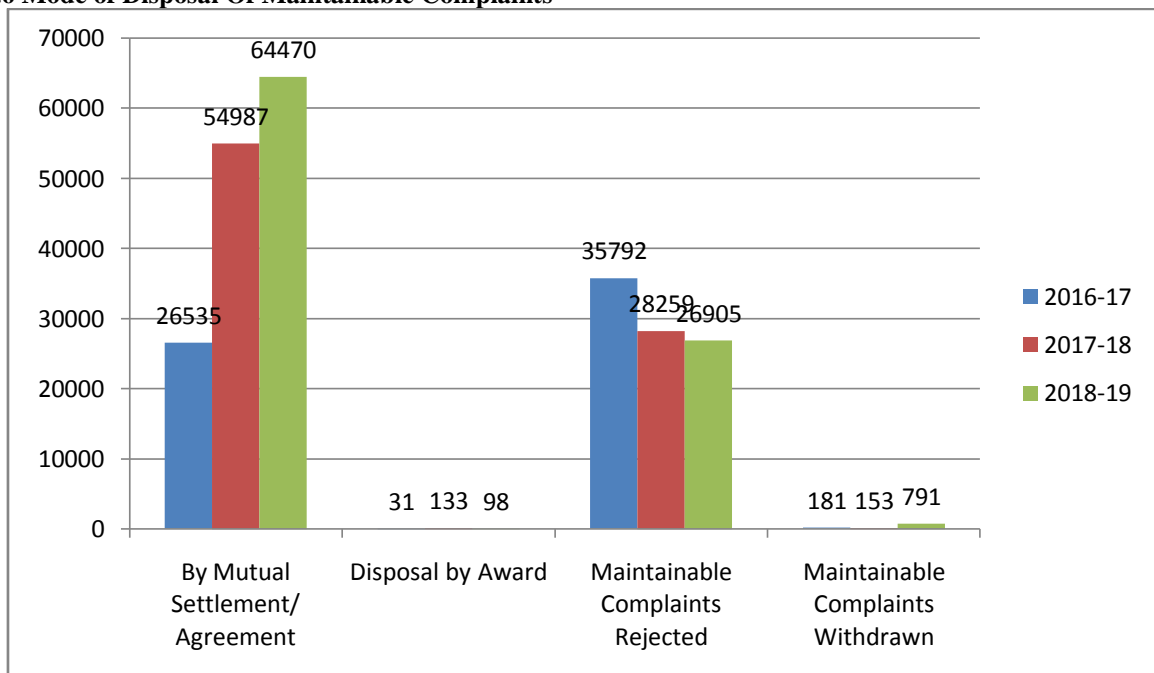


Source: Compiled from the Annual Reports of BOS, RBI.

Inference: In 2016-2017 the number of complaints disposed by banking ombudsman offices was 123,319, in 2017-2018 it was 1,68,623 and in the year 2018-19 it was 190,014. Thus it could be

inferred that with the increasing number of complaints, the BO offices were thus able to dispose of the complaints so filed.

5.6 Mode of Disposal Of Maintainable Complaints



Source: Compiled from the Annual Reports of BOS, RBI.

Inference: The above table depicts the mode of disposal of maintainable complaints. In the year 2018-19, 64470 complaints have been settled by the way of mutual agreement which stood to be the highest as compared to the previous two financial

awards. In 2017-18, 133 complaints have been awarded which was the highest as compared to 2016-17 and 2018-19. In 2016-17, 35792 complaints have been rejected and 791 complaints have been withdrawn in 2018-19.

5.7 Customer Complaints Handled by OBOs in Last 5 Financial Years

Particulars	2016-2017	2017-2018	2018-2019
Complaints brought forward from previous year	5,524	11,215	6,182
Complaints received	130,987	1,63,590	195,901
Total number of complaints handled	136,511	1,74,805	202,083
Complaints disposed	125,296	1,68,623	190,014
Complaints pending at the end of the year	11,215 (8.21%)	6,182 (3.54%)	12,069 (5.97%)
Complaints Pending for less than one month	4,517 (3.10%)	2584 (1.48%)	7,055 (3.49%)
Complaints Pending for one to two months	3,185 (2.35%)	2140 (1.22%)	3,478 (1.72%)
Complaints Pending for two to three months	1,363 (1%)	871 (0.50%)	499 (0.25%)
Complaints Pending for more than three months	2,150 (1.55%)	587 (0.34%)	1,037 (0.51%)

Source: Compiled from the Annual Reports of BOS, RBI.

Inference: It is quite clear from the above table that although number of complaints received at the OBOs have increased during the last 3 financial years, but the total number of complaints handled

VI. FINDINGS FROM THE STUDY

- i. Metropolitan cities like Kanpur, Mumbai, Chennai and Delhi have the highest number of customers' complaints towards banks, whereas it is moderate in case of Kolkata.
- ii. The total numbers of customer complaints have increased from 130987 to 195901 during the last 3 financial years, which clearly indicates that with the increase in the retail banking business over the past few years, customers' grievances have also increased.
- iii. 94,745 complaints have been received in the year 2018-19 which was highest in compared to the last 3 financial years. Complaints in rural areas seemed less than in semi-urban area, urban and metropolitan areas.
- iv. E-mail was the most popular method of receiving complaints. 49% complaints were received via mail in 2017-18 & 2018-19.
- v. Most of the complaints were disposed by the way of mutual settlement/ agreement.

by the OBOs is obviously more than that which shows the efficiency of the Bank Ombudsman Office and also the speed with which these complaints have been handled and alleviated.

- vi. The pending cases were highest were highest in the year 2018-2019.
- vii. The rate of complaint was highest in the year 2018-19.
- viii. With the increasing number of complaints, the number of complaints disposed clearly indicated the efficiency of the Banking Ombudsman.

VII. SUGGESTIONS:

Despite the fact that it is basic that the OBOs have found a way to determine the objections yet there is a need to build the quantity of BO workplaces all through the nation. There is likewise a need to expand mindfulness about the ombudsman scheme which can take out the pointless danger identified with bank transactions. This should likewise be possible through social media where greatest individuals have admittance to. Likewise the banks should show the plans noticeably in the entirety of their branches and ought to plainly disclose to the clients about the benefit of this framework. Then again, it is additionally important to improve availability to

country regions by opening more workplaces in those regions.

VIII. CONCLUSION:

The Ombudsman scheme is a significant channel for moderating the complaints of the clients against the banks and its administration. So to state, it might likewise be alluded to as a Blessing plan. It is outlined so as to not eliminate the ward of the courts. Accordingly the clients don't think that it is troublesome in utilizing this plan as the fundamental gathering if there should be an occurrence of debates against the banks. The brand name of this plan is in such a place that it can do equity to any individual case overlooking the details and other legitimate standards of proof while settling any debates that emerges between a client and a bank. Likewise a great deal can be accomplished with the assistance of better corporate administration and client instruction since it is after all the cash of the client which the financial area should be acting like a trustee. In the event that the client knows about his/her privileges, at that point it tends to be ensured in a legitimate manner by being more cautious about its inclinations and offering better types of assistance. Consequently, training can improve the familiarity with the clients which will help in protecting the premium of the greatest partners of a bank for example the clients.

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