

**A STUDY ON THE IMPACT OF BANKING OMBUDSMAN SCHEME
IN BANGALORE**

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ABSTRACT

I actually think that the economy has got some positives. It's got the market. It's got consumer confidence and it's got banks throwing - I mean central bankers throwing money at it around the world.

Jack Welch

It is popularly said that the customer is the king of market and satisfying customers should be the major factor behind success of any business. Banking is one of the major service sectors dealing with the borrowing and lending of money, customers/account holders are the vital part without whom bankers cannot transact business, so customer's satisfaction is an important criteria in the banking sector. Customers are satisfied only when the services provided by the banks are according to their expectation and when their grievances are handled carefully.

Reserve bank of India has taken a great step to redress the grievances of customers and it is called as Banking Ombudsman Scheme.

Major services in the banking are delayed due to the negligence and the inefficiency of the staff/employees working in the organization. In such a situation customer's dissatisfaction is vast and some customer's are helpless in giving complaint as they are not aware of the procedure to complain and also the scheme of redressal of the complaint given by the Reserve Bank of India i.e., Banking Ombudsman Scheme.

Banking ombudsman scheme redresses the grievances of customer's, with regard to any delay in payment, delay in any type of service, harassment or any misbehavior by the employees to the customers etc. it is very essential for the banking sector to create an awareness about this scheme so that customers who are dissatisfied transacting in any bank would be satisfied. If customers are satisfied, then the business and the success go hand in hand. The present study mainly focus on the various ways through which the customers get satisfied and also it tries to create an alert in the minds of the customers about the banking ombudsman scheme in Bangalore. The methodology of the study is based on both the primary and the secondary data.

Keywords: Customer satisfaction, banking ombudsman, awareness, redressal, grievances.

Introduction:-

As per Section 5(b) of Banking Regulation Act, 1949, banking means the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdraw able by cheque, draft, order or otherwise.

According to this definition banks mobilizes deposits from the public and invest the same money to make profit out of it. Banking is purely a customer based service sector. Nowadays with the high population and vast number of transactions, they are not able to provide their services properly. Thus, in some banks, customer's satisfaction is given least importance and in turn customers, the main profit makers of the banks would turn to be the sufferers.

The Reserve Bank of India was flooded with many complaints and they have introduced Banking Ombudsman scheme on 1995 to provide the expeditious and inexpensive forum to bank customers for the resolution of their complaints, it was revised in 2005 mainly to include the regional rural bank under the banking ombudsman and now the Reserve Bank of India has revised the scheme called **revised banking ombudsman scheme**, it include many other services which were not included previously, it came into effect from 1st January 2006 and it includes all the banks like commercial banks, co-operative banks, individual banks, regional rural banks etc.

It has a separate office for different centers where the customers can address their complaints for dissatisfaction with regard to any services rendered by banks.

All the account holders of the banks are not educated, and particularly the people who are illiterate do not know about the banking ombudsman, though the awareness campaign was taken by the ombudsman, it is still far behind the reach of poor customers, who are the main sufferers. Special attention is indeed needed to spread the awareness, so that each and every customer comes to know about this and they can address their grievances.

This paper tries to understand the various factors behind the dissatisfaction of the customers, the ways through which they overcome this issue and the work of the banking ombudsman in solving the difficulty of the customers. It also studies about the various ways in which the awareness program can be created in the Bangalore.

Statement of the problem:

The purpose of this study was undertaken to determine the reason behind dissatisfaction of the customers, from the initial stages to the final stages, and the banker's action against these customers. It further studies about the way in which awareness can be spread.

Objectives of the study

- To understand the reasons for dissatisfaction of customers
- To study the various means through which awareness can be spread.
- To analyze the banking ombudsman action to redress the grievances of the customers.

Limitations of the study:

- Time factor is the main limitations of this study.
- This study is mainly based on primary and the secondary data, the sample size being 40 was not satisfactory and thus the precise information could not be gathered.

Literature review:-

Myladri and Sirisha(2011) in their research revealed that banking ombudsman is a boon for the customers to redress their complaints, ombudsman is meant to solve the individual cases of customers, he further says that the ombudsman should be impartial towards any customers be it small customers they should win the confidence of such customers.

Dr Tejinderpal Singh (2011) suggest that there is a substantial increase in the complaint received by the banking ombudsman, it shows the confidence the customers are getting about the banking ombudsman, but it has not reached the rural poor, so the awareness should be spread there, if the customers are knowing about the scheme, they would surely complain about their dissatisfaction regarding any service.

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

Research methodology of the study:**Actual collection of data:-**

The present research study is based on both primary and the secondary data; the required data have been collected through structured questionnaire which was distributed among 40 account holders of different banks.

The methods used for collecting the primary data for this research includes:-

- Survey
- Observation
- Interview

The survey was conducted among 40 customers/account holders of the bank, this was done by personally administering the questions to them and through mail survey. Non-participative observation was used since the researcher wanted to observe the work in an unnoticed manner. Under non participative observation, direct observation was used to do this research. Interview was conducted with few account holders of the banks, and this was done mainly to have the original ideas of the subject with precise information.

Secondary data: for the secondary data, website proved to be a major source.

Sample description:-

The research tries to understand whether the customers' expectations are satisfied in the banks. So the research is focused only on the customers of the bank to understand the difficulties faced by them while transacting with the banks. Most of the customers who responded to the questionnaire were randomly chosen, which included people from varied banking sectors having different qualifications.

Instrumental techniques:-

Tools and techniques: - Micro Soft Excel is used for calculation.

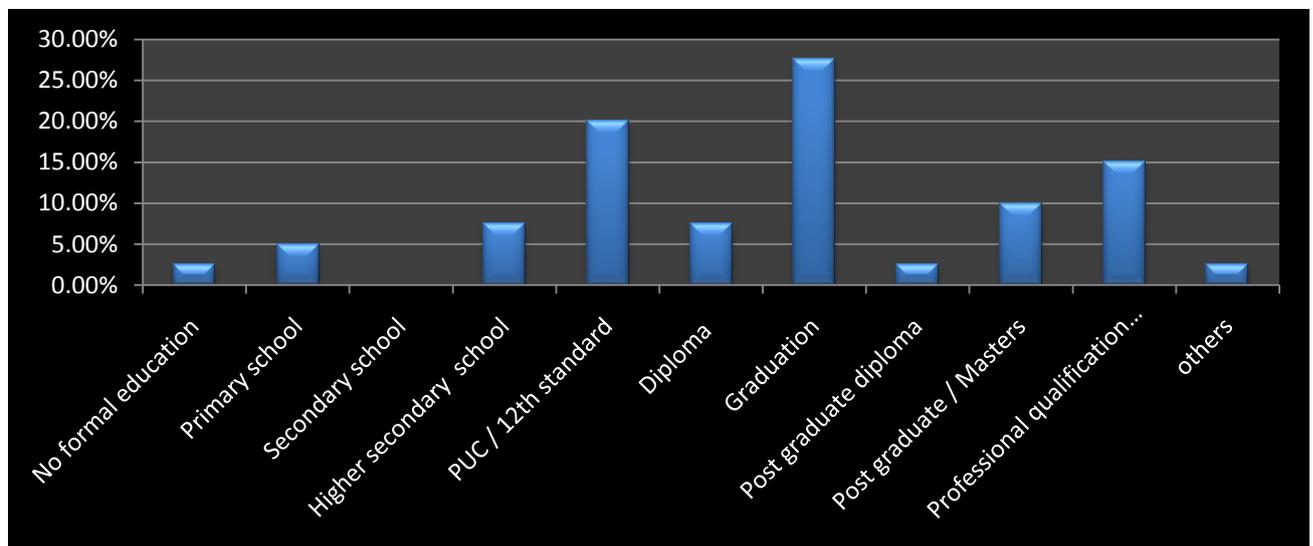
The data have been presented with simple percentage and Pie chart for effective presentation of data.

DATA ANALYSIS AND INTERPRETATION:-

For the first and second objective, the data is collected through the questionnaire, and for the third objective secondary data is being used.

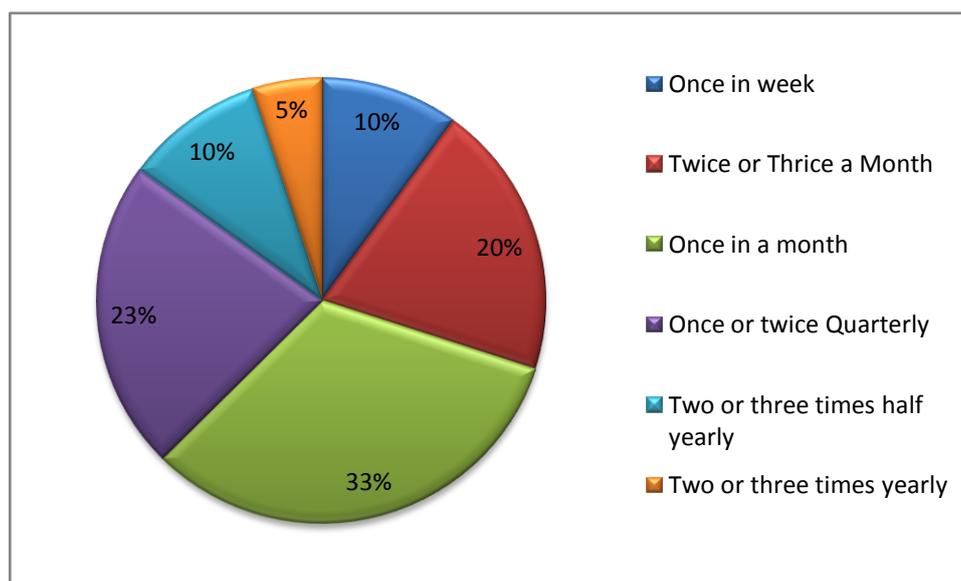
The primary source of data was collected mainly to understand the customer's impact on the banking sector and towards the services rendered by the banks.

CHART 1:- QUALIFICATION OF ACCOUNT HOLDERS



Source: - Primary data

The chart shows that 90% of the customers are educated. The customers who are well educated will have the knowledge about the various services rendered by the banks and also about the procedure to give complaint- if they are dissatisfied with any of the services.

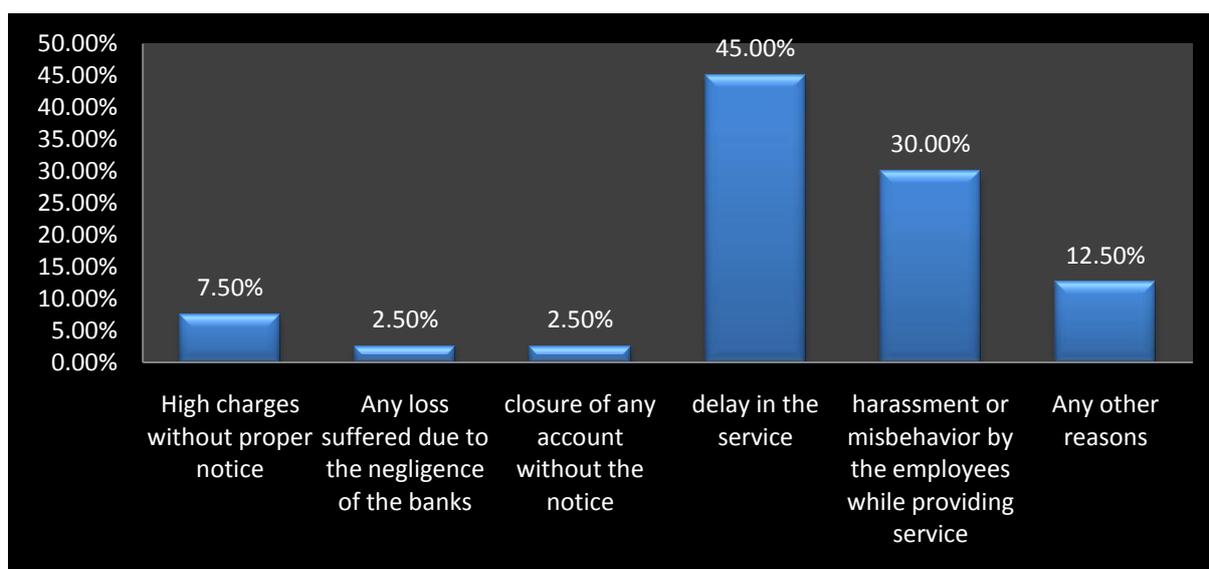
Chart 2: THE NUMBER OF TIMES THE CUSTOMERS VISITING THE BANKS

Source: Primary data

Majority of the well educated people will opt for Internet Banking for all the transactions, so the number of visits they will make to the banks will be comparatively less. The chart shows that 33% of the total customers visit the bank once a month, 23% visit the bank twice or thrice quarterly and 20% twice or thrice a month. When the regular customers visit to bank decreases it may be considered that they are dissatisfied with the services.

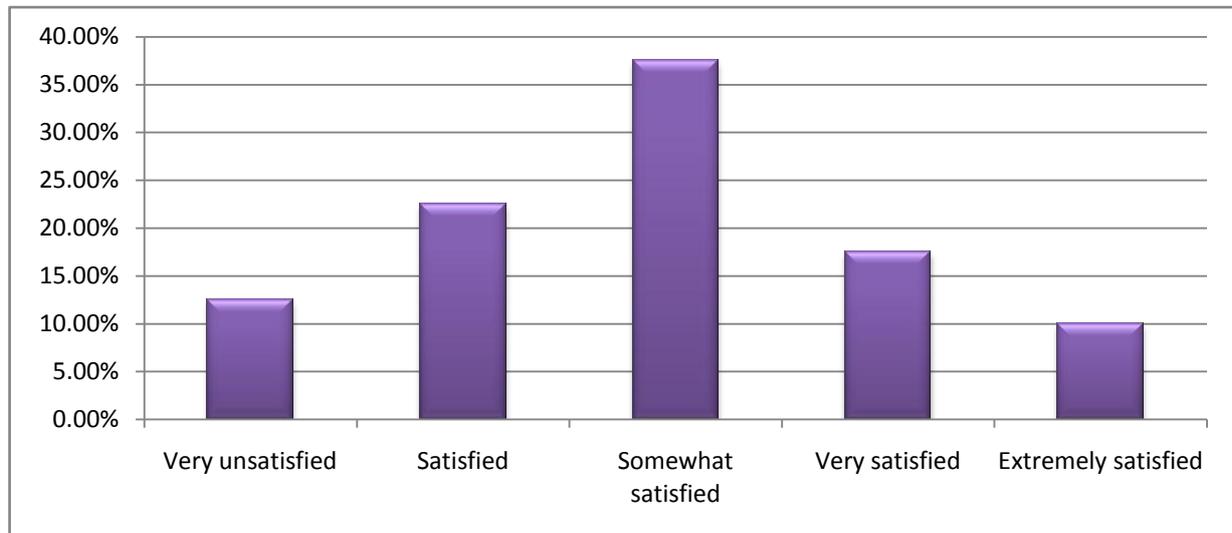
It is necessary for the banks to check whether the customers visit to the bank is decreasing day by day, or is there any increase in the customers' visit, so as to understand the impact of the customer's attitude towards a particular bank.

CHART 3: THE REASONS FOR THE DISSATISFACTION OF THE CUSTOMERS



Source: Primary data

There are various reasons behind the dissatisfaction of the customers; the study reveals that the main reason for their dissatisfaction is due to the delay in the services provided by the banks and the second major reason being the harassment or the misbehavior of the employees while providing the service. 7.50% says that they are not satisfied due to the high charges taken by the bank without proper notice. Loss due to the negligence of the bank and closure of the account without prior notice is the reason for dissatisfaction for 2.50 each. 12.50% has given other reasons for their dissatisfaction. This shows that due care has to be taken by the bank on their employees, so that they would work better and the customers would be satisfied.

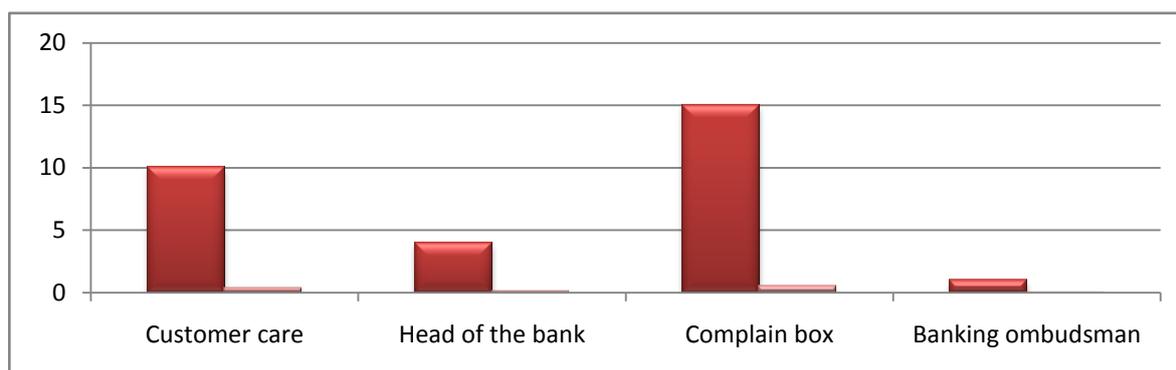
**CHART4: SATISFACTION OF THE CUSTOMERS TOWARDS THE SERVICES
PROVIDED BY THE BANKS**

Source: primary data

- From the study, it is understandable that majority of customers are not satisfied with the services, 37.5% of the customers are somewhat satisfied, and it means they are not fully satisfied. 12.5% of the customers are very unsatisfied and 10% is extremely satisfied, this constitute the least percentage when compared to the others, it is very essential for these customers to create awareness about the banking ombudsman, so that necessary action can be taken.

Though the customers are dissatisfied with the services of the bank, only few register the complaint, remaining are unaware of the procedure to complain or they think it is of no use, so it very essential for these customers to show that their complaint works.

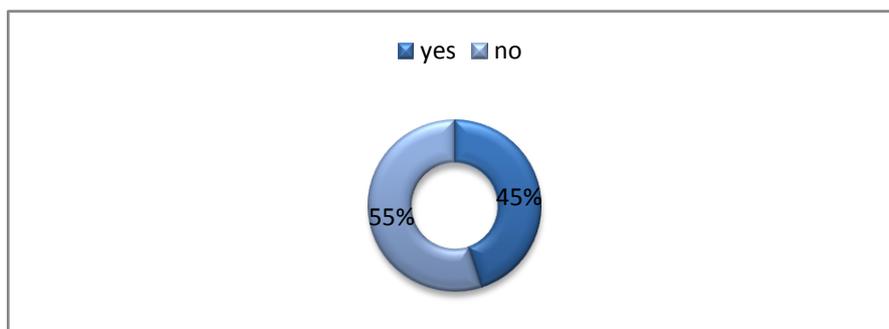
CHART 6: SHOWING THE CUSTOMERS SOURCE OF REGISTERING COMPLAINT



Source: primary data

The above chart shows that major customers put their complaint in the complaint box and they also address their complaint to the customer care. Very few customers give their complaints to the head office and the least percentage that is only 3% has given the complaint to the banking ombudsman, it is thus vital for all the banks to create awareness about the banking ombudsman.

Chart7: The status of customer’s awareness about the services provided by banking ombudsman

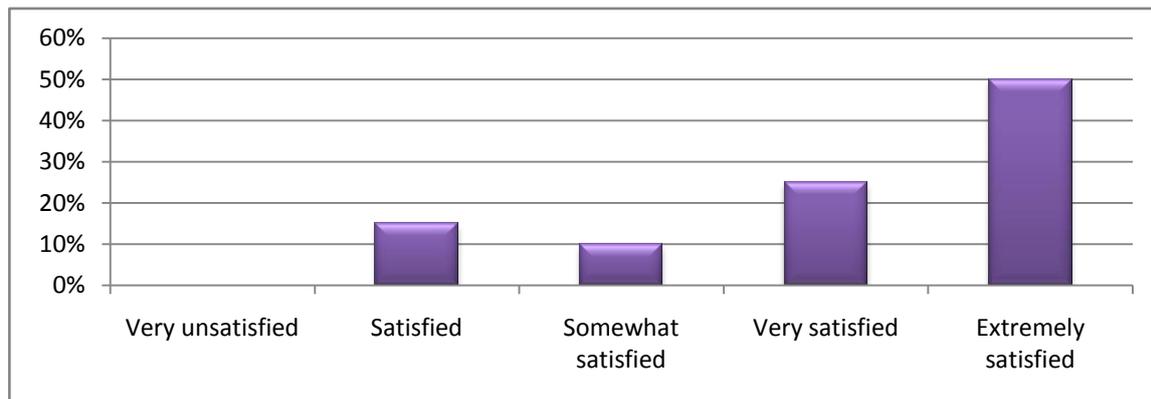


Source: primary data

This chart shows that the only 45% of the customers are aware about the services provided by the banking ombudsman, the uneducated customers and the rural customers, and some of the urban customers would be unaware. Thus, it is essential to create awareness about the scheme through different methods.

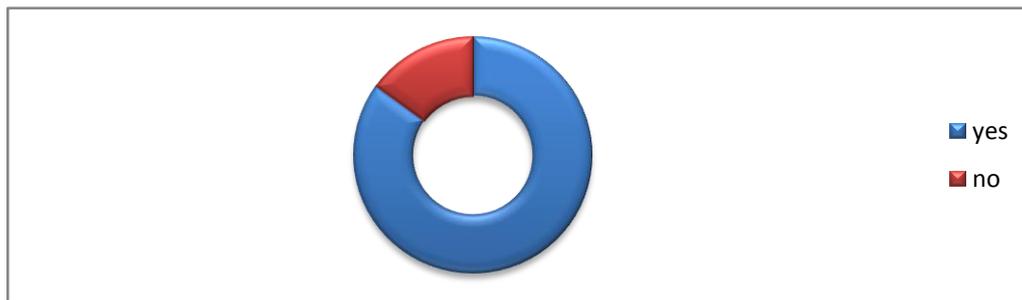
The below chart shows that, the majority of the customers are fully satisfied with the response given by the banking ombudsman. Only the awareness has to be spread so that all the customers or the account holders get this benefit.

Chart 8: Customer's satisfaction towards the response of the banking ombudsman



Source: primary data

The response provided and the services provided by the banks are fully satisfied by the customers. This data shows that the 85% of the customers are satisfied, that means majority of the customers are satisfied with their service

Chart 9: Showing customers satisfaction towards the ombudsman scheme

Source: primary data

The study through the primary source revealed that the different customers have different perspective towards the banks. While some customers are satisfied with the services rendered by the banks, others are not. The main reason behind their dissatisfaction is the delay in the services provided by the customers and the harassment or the misbehavior by the employees of the banks towards the customers with some other reasons apart. These issues can be handled very easily by the banking ombudsman. So the awareness is very essential for all the customers/account holders of the bank.

The awareness about the banking ombudsman can be popularized by different ways like:-

- Create an awareness program through the social media, where majority of the customer's access.
- By distributing the pamphlets and by keeping banners in every banks, so that the passerby i.e., customers get awareness about it.
- Advertising about the ombudsman scheme, in the newspapers and other magazines etc.
- Awareness programs should be conducted by organizing the seminars, conferences etc.

Analysis of the banking ombudsman action to redress the grievances of the customers:

- A person wanted to withdraw an amount in the ATM, there was a failure in the power supply and was not able to withdraw his amount. But his account was debited with Rs 600. He gave a notice to the bank, which did not respond properly and said he would have withdrawn the amount as per the transactions details. Due to the ombudsman, ATM summary were found and the summary revealed that the cash was not dispensed. So, the bank reimbursed his amount.
- A person had lodged a complaint with regard to the term deposit having a maturity of 2 years, after maturity he requested for his payment. The bank did not pay his amount as he was not having the document for investigation. It was clear that the deficiency was on the part of the bank and with the intervention of banking ombudsman this matter got settled.
- A customer has availed loan under Prime Minister Rozgar Yojana by mortgaging her land document to purchase a flour mill, after closing her term loans, her title deeds got missing she claimed that to the banks, three months delayed but nothing happened, through the interference of the banking ombudsman the bank agree to obtain fresh title deeds at their own cost.

Thus the banking ombudsman takes the necessary action for each individual case, the online as well as the offline complain is available for the customers in case of any grievances. It is essential for the customers to complain, if they are not satisfied with any services. Banking ombudsman through various means redresses the grievances.

FINDINGS OF THE STUDY:-

- **Banking services:**

Through the analysis of the study, it was found that some customers are satisfied with the services rendered by the banks, while other customers are not satisfied about many services that are offered by the banks.

- **Reasons behind their dissatisfaction:**

There are various reasons for which the customers are dissatisfied, the major reason in this study was the delay in the services provided by the bank and other reason was employees harassing and misbehaving with the customers of the bank. There are many other reasons by which the customers are dissatisfied and their grievances were not redressed.

- **Awareness:**

Through the analysis of the study, it was found that the awareness is very essential, many customers who are transacting in banks are not aware about the ombudsman scheme, and the one way of awareness is through social media, as many customers would be accessing it. And banners and pamphlets would be other way through which awareness can be created. A separate program for the awareness needs to be organized.

- **Banking ombudsman's action against the customers grievances:**

Banking ombudsman redresses all the types of customer's grievances, provided the customers have required proof about any complaint. Since all the banks are covered under this, bankers cannot take undue advantage of any customers.

SUGGESTION:-

- Awareness should be created about the importance of banking ombudsman among all the customers of the bank, so that unnecessary risk would be avoided by the customers.
- A further study of banking ombudsman can be undertaken, since the research studies about this topic are less.
- It would be better, if each banks head office has a separate ombudsman to handle. So that all the customers grievances would be settled accordingly.

CONCLUSION:-

Through this study, we are mapping customer's satisfaction and redressal of grievances is essential in banks. Now with the alarming increase in the number of complaints by the customers it can be said that customers are very much satisfied about the banking ombudsman. This is the case in the urban population. The rural populations are still not aware about the banking ombudsman.

Banking ombudsman has paved the way for the customer's by giving flexibility in complaining either through online or offline. The services provided by the bank would become satisfactory in the minds of the customers if the awareness about banking ombudsman is reached to all customers. Its popularization is still indeed unsatisfactory, so measure has to be taken to make it satisfactory.

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