



## **A study on Banking Ombudsman Scheme and Number of Complaints Registered in India**

By

*Mudakappa Sunagar<sup>1</sup> and Dr. Umesh H. Arahunasi<sup>2</sup>*

### ***Abstract***

*The Banking Ombudsman Scheme (BOS) is a system in many nations including India which facilitates an alternative dispute handling and readdressing system to solve customer's complaints against their banks. This paper is aimed to analyse the number of complaints received by the BOS based on various types of customers. Statistical tools like Simple mean, Standard Deviation, Rank, Simple Percentage, trend analysis and ANOVA Single factor etc. used for analysing the data. During the study period, 559175 complaints were registered by the various categories of the customers of which "Individual Category" customers have filed the highest number of complaints than the other categories of customers. The rate of disposal of complaints is quite impressive. There is a significant difference among various categories of customers related to registration of complaints under BOS. The main aim of intervention of technology in business is to provide better services to customers. However, the number of complaints registered by the customers against the banking services shows the red flag to bankers to rethink on their strategies to provide satisfaction to their customers.*

**Key Words:** *Banks, Customers, Complaints, Ombudsman*

---

<sup>1</sup> **Mr. Mudakappa Sunagar**, Assistant Professor of Commerce, Government First Grade College Mundgod – 581349, Mob: 9964809807, Mail: swatimuttus@gmail.com

<sup>2</sup> **Dr. Umesh H. Arahunasi**, Associate Professor of Commerce, SKHP Govt. First Grade College, Hulkoti, Gadag, Karnataka Mob: 9448942963, Mail: uh.arahunasi@gmail.com

## **A study on Banking Ombudsman Scheme and Number of Complaints Registered in India**

**1. INTRODUCTION:** The Banking Ombudsman Scheme (BOS) is a system in many nations including India which facilitates an alternative dispute handling and readdressing system to solve customer's complaints against their banks. The system is typically operated by the central bank or financial regulatory authority of the country. In India the BOS is operated by the Reserve Bank of India (RBI) and its primary objective of the scheme is to resolve customer complaints against their banks without the need for litigation in prescribed time limitation at cost-effective manner. This paper is aimed to analyse the number of complaints received by the BOS based on various types of customers.

**2. OBJECTIVES:** The primary objective of the study is to analyse the number of complaints received by the BOS based on various types of customers. To achieve primary objectives the following secondary objectives are framed.

- To understand the classification of customers to register complaints under BOS
- To study the trends of number of complaints received by the BOS based on various types of customers

**3. RESEARCH METHODOLOGY:** The study is based on secondary data which has been collected from BOS Annual Report 2016-17 and 2017-18. The various statistical tools like simple mean, Standard Deviation, Rank, Simple Percentage, Trend Analysis and ANOVA single factor are used for analysing the data. The secondary data were collected for the period of 5 financial years from 2013-14 to 2017-18.

**4. CLASSIFICATION OF THE CUSTOMERS:** Normally two types of customers are noticed in every business like individual customers and non-individual customers. However, the BOS has classified the customers in 9 categories which are listed below.

1. Individual
2. Individual-Business
3. Proprietorship/Partnership
4. Limited Company
5. Trust
6. Association
7. Government Departments
8. PSU
9. Senior Citizen

**5. COMPLAINTS RECEIVED BY BANKING OMBUDSMAN:** Comparative position of complaints received by the Office of the Banking Ombudsman during the last five years presented in the Table No.-1.

**Table No. 1:** Comparative position of complaints received by the Banking Ombudsman

Parameter	2013-14	2014-15	2015-16	2016-17	2017-18	Average of 5 Years	Trend
Received during the year	76573	85131	102894	130987	163590	<b>111835</b>	+ <b>21989</b>
Brought Forward from the previous year	5479	3307	3778	5524	11215	<b>5861</b>	+ <b>1369</b>
Handled during the year	82052	88438	106672	136511	174805	<b>117696</b>	+ <b>23358</b>
Disposed during the year	78745	84660	101148	125296	168623	<b>111694</b>	+ <b>22039</b>
Carry Forwarded to the next year	3307	3778	5524	11215	6182	<b>6001</b>	+ <b>1319</b>
Rate of Disposal (%)	<b>95.97</b>	<b>95.73</b>	<b>94.82</b>	<b>91.78</b>	<b>96.46</b>	<b>95</b>	- <b>0.3</b>

*Source: Banking Ombudsman Scheme 2006 Annual Report 2016-17 and 2017-18*

+ *An increasing Trend with annual increase under least square method*

- *A decreasing Trend with annual decrease under least square method*

Table No.-1 reveals that the number of complaints received during the respective years has an increasing trend with an annual increasing 21989 complaints. The average number of complaints received is 111835 complaints and highest complaints have been registered in 2017-18 with 163590 complaints and lowest in 2013-14 with 76573 complaints.

The annual number of complaints disposed of has also an increasing trend with 22039 complaints. The average number of complaints disposed is 111694 and highest number of

complaints disposed has been registered in 2017-18 with 168623 complaints and lowest in 2013-14 with 78745 complaints.

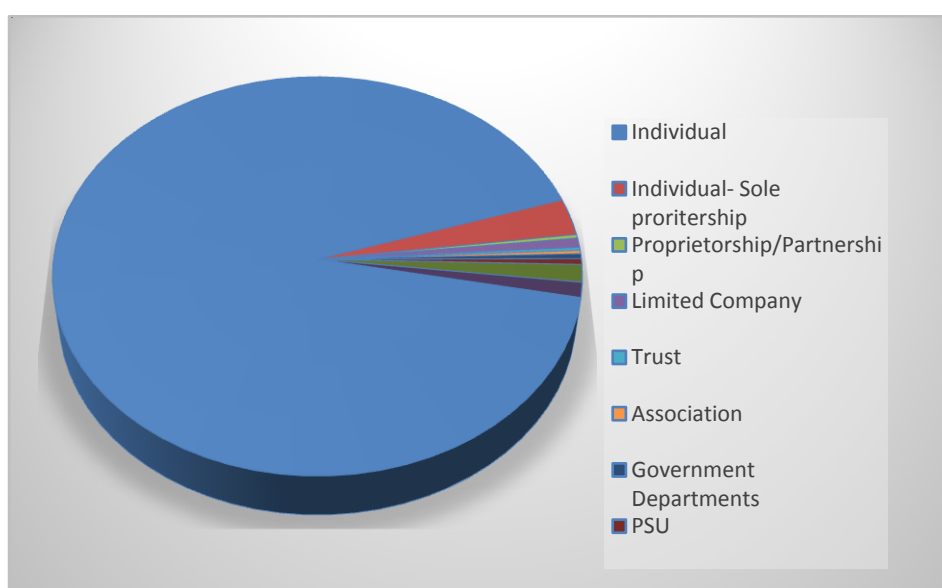
The Rate of disposal of complaints ranges between 91.78% (2016-17) to 96.46% (2017-18), the average rate of disposal of complaints noticed at 95% with a yearly decreasing by 0.3%. The Customer-wise receipt of complaints has been presented in Table No.-2 and Figure No.-1.

**Table No.-2: Customer-wise Receipt of Complaints**

Complaint Group	2013-14 to 2017-18	%
Individual	514254	91.97
Individual- Sole proprietorship	16582	2.97
Proprietorship/Partnership	1606	0.29
Limited Company	4273	0.76
Trust	1329	0.24
Association	1532	0.27
Government Departments	2250	0.4
PSU	2623	0.47
Senior Citizen	7959	1.42
Other	6767	1.21
<b>Total</b>	<b>559175</b>	<b>100</b>

*Source: BOS Annual Report 2016-17 and 2017-18*

**Figure No.-1: Customer wise receipt of Complaints**



The aforesaid table and figure reveal that *Individual* customers have filed highest number of complaints to the tune of 514254 complaints with 91.97 % followed by *Individual-Sole Proprietorship* (16582 complaints with 2.97 %), *Senior Citizen* (7959 complaints with 1.42 %), *Limited Company* (4273 complaints with 0.76 %), *PSU* (2623 complaints with 0.47 %), *Government Departments* (2250 complaints with 0.4 %), *Proprietorship/Partnership* (1606 complaints with 0.29 %), *Association* (1532 complaints with 0.27 %) and *Trust* (1329 complaints with 0.24 %). It is also noticed that the *Other* category customers have filed 6767 Complaints with 1.21 %.

The complaints filed by various customers are analysed based on the different parameters like numbers, trends, mean and SD. The results are presented in Table No.-3.

**Table No.-3: Analysis of the Customer-wise receipt of Complaints**

Complaint Group	Parameter	2013-14	2014-15	2015-16	2016-17	2017-18
Individual	Number	70913	78353	94186	120105	150697
	Trend	100	110	133	169	213
	Total in Five years	5, 14,254 Complaints				
	Mean and SD	102851 +/- 32719				
Individual-Business	Number	2163	2566	3312	3855	4686
	Trend	100	119	153	178	217
	Total in Five years	16582 Complaints				
	Mean and SD	3316 +/- 1007				
Proprietorship/Partnership	Number	151	255	310	417	473
	Trend	100	169	205	276	313
	Total in Five years	1606 Complaints				
	Mean and SD	321 +/- 128				
Limited Company	Number	510	699	936	1047	1081
	Trend	100	137	184	205	212
	Total in Five years	4273 Complaints				
	Mean and SD	855 +/- 244				
Trust	Number	184	224	288	307	326
	Trend	100	122	157	167	177
	Total in Five years	1329 Complaints				
	Mean and SD	266 +/- 60				
Association	Number	297	281	316	307	331
	Trend	100	95	106	103	111
	Total in Five years	1532 Complaints				
	Mean and SD	306 +/- 19				

Government Departments	Number	287	376	561	491	535
	Trend	100	131	195	171	186
	Total in Five years	2250 Complaints				
	Mean and SD	450 +/- 115				
PSU	Number	266	234	524	190	1409
	Trend	100	88	197	71	530
	Total in Five years	2623 Complaints				
	Mean and SD	525 +/- 511				
Senior Citizen	Number	1229	1318	1569	1745	2098
	Trend	100	107	128	142	171
	Total in Five years	7959 Complaints				
	Mean and SD	1592 +/- 349				
Other	Number	573	825	892	2523	1954
	Trend	100	144	156	440	341
	Total in Five years	6767 Complaints				
	Mean and SD	1353 +/- 841				

**Source:** Banking Ombudsman Scheme 2006 Annual Report 2016-17 and 2017-18

Table No.-3 reveals the following aspects.

- ❖ *Individual* customers have registered a total of 514254 complaints in study period with Average value of 102851 complaints and Standard Deviation of 32,719 complaints. The data shows an increasing trend throughout the period. The highest number of complaints registered has been noticed in 2017-18 and lowest in 2013-14.
- ❖ *Individual-Business* customers have registered 16582 complaints period with Averagevalue of 3316 complaints and Standard Deviation of 1007 complaints. It shows an increasing trend throughout the period. The highest number of complaints registered has been noticed in 2017-18 and lowest in 2013-14.
- ❖ *Proprietorship/Partnership* firmshave registered a total of 1606 complaints during the study period with Averagevalue of 321 complaints and Standard Deviation of 128 complaints. It shows an increasing trend throughout the period. The highest number of complaints registered has been noticed in 2017-18 and lowest in 2013-14.
- ❖ *Limited Companies*have registered a total of 4273 complaints during the study period with an Average value of 855 complaints and Standard Deviation of 244 complaints. It

shows an increasing trend throughout the period. The highest number of complaints registered has been noticed in 2017-18 and lowest in 2013-14.

- ❖ *Trusts* have registered a total of 1329 complaints in study period with an Average value of 266 complaints and Standard Deviation of 60 complaints. It shows an increasing trend throughout the period. The highest number of complaints registered has been noticed in 2017-18 and lowest in 2013-14.
- ❖ *Associations have* registered a total of 1532 complaints during the study period with an Average value of 306 complaints and Standard Deviation of 19 complaints. It shows a random trend throughout the period. The highest number of complaints registered has been noticed in 2017-18 and lowest in 2014-15.
- ❖ *Government Departments* have registered a total of 2250 complaints during the study period with an Average value of 450 complaints and Standard Deviation of 115 complaints. It shows an increasing trend throughout the period. The highest number of complaints registered has been noticed in 2017-18 and lowest in 2013-14.
- ❖ *PSU* have registered a total of 2623 complaints during the study period with an Average value of 525 complaints and Standard Deviation of 511 complaints. It shows a random trend throughout the period. The highest number of complaints registered has been noticed in 2017-18 and lowest in 2016-17.
- ❖ *Senior Citizens* have registered a total of 7959 complaints during the study period with an Average value of 1592 complaints and Standard Deviation of 349 complaints. It shows an increasing trend throughout the period. The highest number of complaints registered has been noticed in 2017-18 and lowest in 2013-14.
- ❖ *Other customers* have registered a total of 6767 complaints during the study period with an Average value of 1353 complaints and Standard Deviation of 841 complaints. It

shows an increasing trend throughout the period. The highest number of complaints registered has been noticed in 2017-18 and lowest in 2013-14.

The researcher has initiated the study with a hypothesis which is going to be tested in the following paragraphs. The hypothesis testing has been focussed on the existence of significant differences among various categories of customers related to registration of complaints under BOS. This hypothesis is tested with the ANOVA- single factor. Table No.-4 provides the results of the hypothesis testing.

*H<sub>0</sub>: There is no significant difference among various categories of customers related to the registration of complaints under BOS*

*H<sub>1</sub>: There is a significant difference among various categories of customers related to the registration of complaints under BOS*

**Table No.-4: Testing of hypothesis with ANOVA-Single Factor**

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Individual	5	514254	102850.8	1070552576		
Individual-Business	5	16582	3316.4	1014836.3		
Proprietorship/Partnership	5	1606	321.2	16424.2		
Limited Company	5	4273	854.6	59465.3		
Trust	5	1329	265.8	3563.2		
Association	5	1532	306.4	357.8		
Government Departments	5	2250	450	13318		
PSU	5	2623	524.6	261360.8		
Senior Citizen	5	7959	1591.8	121704.7		
Other	5	6767	1353.4	707451.3		
<b>ANOVA</b>						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	46722100561	9	5191344506.81	48.39	0.00	2.12
Within Groups	4291004231	40	107275105.78			
Total	51013104793	49				

It is clear from the Table No.-4 reveals that P value (0.00) is lesser than alpha value (0.05) which results with the rejection of null hypothesis. Therefore, it can be concluded that there is a significant difference among various categories of customers related to registration



of complaints under BOS.

**6. FINDINGS OF THE STUDY:** Followings are major findings of the study.

- ❖ Number of complaints received during the respective years has an increasing trend with an annual increasing 21989 complaints.
- ❖ The annual number of complaints disposed has also an annual increasing trend with 22039 complaints.
- ❖ The rate of disposal of complaints ranges in between 91.78% to 96.46%, the average rate of disposal of complaints noticed at 95% with declining trend where yearly decreasing is 0.3%.
- ❖ *Individual* customers have filed the highest number of complaints followed by *Individual- business, Senior Citizen, Limited Company, PSU, Government Departments, Proprietorship/Partnership, Association* and least number of cases filed by the *Trust*. It is also noticed that *other* categories customers have filed 6767 complaints with 1.21 %.
- ❖ *Proprietorship/Partnership* firms have registered a total of 1606 complaints during study period with mean of 321 complaints and standard deviation of 128 complaints.
- ❖ *Limited Companies* have registered a total of 4273 complaints during study the study period with mean of 855 complaints and standard deviation of 244 complaints.
- ❖ *Trusts* have registered a total of 1329 complaints during the study period with mean of 266 complaints and standard deviation of 60 complaints.
- ❖ *Association* have registered a total of 1532 complaints during the study period with mean of 306 complaints and standard deviation of 19 complaints.
- ❖ *Government Departments* have registered a total of 2250 complaints during the study period with mean of 450 complaints and standard deviation of 115 complaints.

- ❖ *PSU* have registered a total of 2623 complaints in study period with mean of 525 complaints and standard deviation of 511 complaints.
- ❖ *Senior Citizens* have registered a total of 7959 complaints during the study period with a mean of 1592 complaints and standard deviation of 349 complaints.
- ❖ *Other customers* have registered a total of 6767 complaints during the study period with mean of 1353 complaints and standard deviation of 841 complaints.
- ❖ All categories of customers have shown an increasing trend in filing the complaints under BOS except *Associations* and *PSUs* who have shown a random trend.
- ❖ Finally, there is a significant difference among various categories of customers related to registration of complaints under BOS.

**7. CONCLUSION OF THE STUDY:** To conclude, during the study period a total of 559175 complaints have been registered by the various categories of the customers among which *Individuals* have filed the highest number of complaints than the other categories of customers. The rate of disposal of complaints is varied from 91.78% to 96.46%. The average of disposal of complaints is 95% which is quite impressive. It is interesting to note that the number of complaints filed has an increasing trend where rate of disposal of complaints has decreasing trend. Although the main aim of BOS in business is to provide better services to the customers, the number of complaints registered by the customers shows the red flag to bankers to rethink on their strategies to provide satisfaction to their customers.

**REFERENCE:**

1. Banking Ombudsman Scheme 2006 Annual Report 2016-17
2. Banking Ombudsman Scheme 2006 Annual Report 2017-18