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A CRITICAL REVIEW OF BANKING OMBUDSMAN IN CUSTOMER GRIEVANCE REDRESS - INDIAN SCENARIO

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Abstract:

The Ombudsman Scheme is a procedure for quickly and affordably resolving client complaints. Under the RBI's Banking Ombudsman Scheme, clients who are dissatisfied with the services provided by a bank or encounter issues doing business with one can petition to the banking ombudsman for remedy. This study is an attempt to investigate the details of the analysis in the Banking Ombudsman Scheme regarding the receipt and handling of complaints, the types of complaints received, the distribution of complaints by geographic area, and the reasons why complaints are rejected. Appropriate statistical techniques have been used to emphasise the results. The outcome demonstrates a trend in favour of the success of the Banking Ombudsman Scheme.

Key words: Factor analysis, grievance, redressal, satisfaction, online services, banking services, banking ombudsman

Introduction:

By utilising the community's small, dispersed savings and distributing them as loans to businesses, banks help the economy flourish. As a result, banks handle the clearing and settlement of payments as well as the intermediation of credit. Banking is defined as "accepting, for lending or investing, deposits of money from the public, repayable on demand or otherwise, and withdrawals by checks, draughts, orders or other means" under the Banking Regulation Act of India, 1949. Banks currently provide a wide range of services, including the issuing of credit and debit/ATM cards, the availability of lockers for the safe keeping of valuables, check drop boxes and online cash transfers. The RBI and

the Government of India (GOI) have consistently emphasised the need of providing timely, effective, fair, and polite customer care to banking clients. A number of high-level Working Groups and Committees were established in order to significantly improve the standard of customer care in banks. The main differentiating criteria for banks to remain competitive in the market without losing customer service quality in the current period of a changing global environment are providing innovative services to consumers, fostering increased customer loyalty, and improving efficiency. [2]

Not all of the clients are completely satisfied. They can voice their complaints to bank managers or workers, the head office, the Banking Ombudsman, or district or state forums for the redressal mechanism if they are unhappy with the way the services were delivered. A bank should have equipment to handle client complaints, just like any other company. Successful businesses understand that providing excellent customer service in response to complaints is a crucial component of building successful client relationships. Customers who are happy and unhappy with the banks' various services both express their opinions. Evidently, negative press spreads more quickly than positive press. This necessitates that banks respond to client complaints quickly and effectively. [3]

The Reserve Bank of India (RBI) established the Banking Ombudsman (BO) Scheme in 1995 to quickly address complaints from bank clients. Although the number of complaints submitted through this forum has grown recently, the customers' lack of awareness was a major problem. The situation is much brighter today because to several aggressive actions taken by the RBI and awareness initiatives run by the Ombudsman. Even said, there is still plenty to be done to improve how well the Scheme works. In light of this, an analysis of the Banking Ombudsman Scheme's performance has been made. Therefore, the current paper's goal is to evaluate the Banking Ombudsmen's performance.

A notion related to customer complaints about banking services is the Banking Ombudsman. This programme is also linked to several issues regarding the banking services that banks offer to their clients. It means that while every client has the right to profit from a variety of banking services, if they are unhappy with any of them, they can use the Banking Ombudsman Scheme to resolve their issues. Only Scheduled Commercial Banks, Scheduled Regional Rural Banks, and Scheduled Primary Co-Operative Banks are included in this programme, allowing any of their customers to file complaints related to certain banking services. The Banking Ombudsman Scheme can assist the bank customer in resolving the following problems. [6]

The important areas of bank customer complaint are as follows:

- Non-acceptance of small denomination notes offered for any purpose without sufficient justification and the charging of commission for this service;
- Non-acceptance of coins offered without sufficient justification and the charging of commission for this service;
- Non-payment or excessive delay in the payment of inward remittances;
- Failure to issue or excessive delay in the issuance of draughts, pay orders, bills, etc.
- Delays in receiving export proceeds, handling export bills, collecting bills, etc., for exporters provided the aforementioned complaints relate to the bank's operations in India;
- Refusal to open deposit accounts without any valid reason.
- Non-payment or delay in pension disbursement, to the degree that the complaint may be linked to the relevant bank's activity (but not to its employees);
- Refusal to accept tax payments when the Reserve Bank or government requires them; delaying or refusing to issue, service, or redeem government securities; forcing the closure of deposit accounts without sufficient notice or justification; and refusing to close the accounts. [7]

Research question:

Is Ombudsman sufficient to solve banking services customer complaints?

Research Method:

A descriptive form of research design has been used in order to achieve the objectives of the study.

Objectives of study:

To study the services offered by banking sector to customers. To study the grievances of bank customers.

To study the banking ombudsman scheme.

Scope of research study:

It is limited to secondary source literature available on online Research Articles, Bogs, Books etc.

Literature review:

Dr. Charu Saxena, Dr. Vikramjit Kaur and Prof. Pradeep Kumar(2022), Customers have a key role in the bank's performance. Being in the service sector, all banks should strive to satisfy clients' expectations by offering the widest range of features, including services for handling complaints. Banks should offer their clients a reliable procedure for resolving grievances and regularly assess the level of consumer satisfaction. Banks are falling short in the responsiveness and empathy portions of their clients' grievance redressal systems [2]

Pravat Sahoo, Dr. Rabindra Kumar Swain and Dr. Sabyasachi Das(2020), In the banking sector, a number of factors influence customer happiness. Customer satisfaction with banking services is influenced by how bank workers treat their clients. The timing of the service is crucial in expressing a bank's credibility. Customer satisfaction results from sloppy service and delayed service. The client satisfaction with banking services is determined by essential changes, transfer changes, and other factors. Customers expect effective and cutting-edge service in a short amount of time and are willing to pay any price. Banks that provide quality services will raise customers' expectations. [3]

Bini R.A.(2018), The main impediment to a country's progress, corruption is its deeply ingrained core cause. The Lokpal serves in this capacity in India. The institution of the Ombudsman is crucial in combating the corruption problem. Currently, it is believed that the Ombudsman institution was created exclusively to address the corruption issue. Legislation alone will not be sufficient to address the corruption issue; the entire society must make a concerted and coordinated effort. [4]

R.K. Uppal,(2010), Deposits, credit cards, and home loans are the subjects of complaints and all bank operations. To satisfy the customer, it is vital to address these problems. To address consumer complaints, every bank should set up a customer service centre. In order to satisfy customers, the private sector and foreign banks are leading the way. In addition, Indian public sector banks continue to be passive in the face of client complaints. [5]

Dr. Sachin Chavan (2019), A methodical procedure for resolving client complaints involving specific banking services has already been established by the Banking Ombudsman. They have ruled in

support of complainants in some situations, and they have ruled against complainants in other circumstances. [6]

K.Velu and Dr.P.Amarjothi(2014), As banks are globally recognised as being important financial organisations, resolving customer complaints about their behaviour is also a key component of customer happiness. Therefore, an authority in several countries has designated an ombudsman or officer to handle consumer concerns regarding banks. [7]

Mohd Azhar-ud-din Malik, Tariq Ahmad Malik and Ajaz Ahmad Dass(2017), The last ten years have seen a notable change in the operational environment of the Indian banking sector, as well as some negative effects brought on by liberalisation. In order to give banks a level playing field and time to adjust to the changes, the government's reform process has been implemented gradually. [8]

Kantamaneni Hema Divya, Koteswar Reddy, and Satyadev Kota(2018), The Banking Ombudsman Scheme is a significant move made by the Reserve Bank of India to address client complaints. Customers have a channel provided by the Banking Ombudsman via which they can seek redress for their complaints. Given the study and discussion above, which indicate that the banking ombudsman receives and resolves a sizable number of complaints, it can be concluded that customers are quite satisfied with the services provided by the banking ombudsman. [9]

Seena Mary Mathew(2022), In today's highly competitive banking environment, banks must work hard to keep and grow their customer base by offering timely and effective services. Taking care of a complaint is not easy. A organised method needs to be developed in order to improve the significance and efficiency of the bank's grievance redressal mechanism. Such a method would guarantee a just and fair resolution. [10]

Findings:

- The public sector banks in India will struggle to survive in the current competitive environment if they do not make improvements to reduce consumer complaints.
- Customers of the public bank have had greater issues than customers of the private bank. The majority of respondents from the public sector bank reported having issues with charges being levied without prior notification.

- The majority of customers at private sector banks experience problems with internet banking services. Most of them, whether they work for the government or the private sector, have no desire to file complaints with the bank. In the public sector, the respondents believe that filing a complaint is a waste of time and resources, whereas in the private sector, the top justification for not filing a complaint was that the problem was not serious.
- In the public sector, the majority of customers use spoken methods to file complaints, but in the private sector, the majority uses digital methods.
- The Banking Ombudsman has a conduit through which customers can file complaints and seek remedies. Given the volume of complaints the banking ombudsman receives and handles, it can be said that clients are generally happy with the services they receive. This is true for urban residents, but rural residents are still unaware of the banking ombudsman.
- Some complainants have received decisions from the Banking Ombudsman because they committed fraud.

Suggestions:

- The process for filing a complaint should be made straightforward, and relevant information should be posted where it is appropriate:
 - Bank representatives should maintain positive client relationships in order to modernize the social banking environment.
 - Regular awareness campaigns to encourage customers to be more thankful and reduce their use of complaint channels
 - Bank employees should work to resolve consumer complaints without voice complaints. Bank branches may set up distinct grievance departments, and staff members should receive both technical and behavioral training.
- When interacting with consumers personally, bank workers should always provide high-quality services and inspire confidence in them.
- Banks that provide quality services will raise customers' expectations. Banks should prioritize client happiness over all other considerations.
- The administration will become more sensitive to public sentiment and the demand for fairness as a result of being aware of the Ombudsman's presence. Additionally, it is preferable to grant

constitutional status to the Ombudsman institution.

- The Indian "reserve bank" should give orders to all public sector banks to address customer complaints as soon as possible.
- The Banking Ombudsman will make the appropriate judgement despite being aware of the bogus allegations.
- The handling of complaints should be considered one of the client retention strategies of banks. Customer relationship management should receive major attention. If the complaints are resolved fairly, customers will support the bank's reputation. The technology needs to be improved for complaint modes. Scheduled customer meetings at regular intervals will convey to customers how much the bank values them. consumers' ignorance of bank services is a major source of complaints, and this kind of engagement will aid in consumers' comprehension of banking services.
- To ensure better customer service and for overall bank awareness, the policies should be made available at all branches for the information of all staff members. The programme needs to specify who responds to complaints, when they should be clarified, to whom they should be addressed, and what should be done with them after they are received. Banks should do research to pinpoint their trouble spots and comprehend client expectations.
- For the banks to conquer clients, some corrective steps are vital.

Conclusion:

The sector's liberalization has led to the entry of new generation banks into the private sector, which has redefined the banks' range of services.

The goal of complaint management in an organization should be to continuously improve the quality of the goods and services provided to clients. The Banking Ombudsman Scheme is a significant move made by the Reserve Bank of India to address client complaints.

One of the finest ways to address customer issues and enhance their connection with banks is through the banking ombudsman programme.

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