

ANALYSIS ON CUSTOMERS VIEWPOINT TOWARDS BANKING OMBUSMAN SCHEME

Dr (Smt) A.N. Tamragundi

Professor

P G Department of Studies in Commerce

Karnatak University,

Dharwad – 580003

AND

Seema Badiger

Research Scholar

P G Department of Studies in Commerce

Karnatak University,

Dharwad – 580003

ABSTRACT:-

Indian banks have grown enormously post liberalisation, their products/ services have kept increasing due to the competitors who are their rivals. The customers are the main hand they deal with. Whatever the banks accomplish is only due to the presence of the customer's. Indian banks were operating efficiently in the beginning stages, in consequence even the customers were exceptionally loyal, but at the later stages due to their heavy transaction and their vast business, they have given least importance for customers. Customers are also thriving to be an account holders under the finest service providers, with the growth of inefficiency of services added to the negligence by the bankers towards the customers, the customers grievances had kept rising, to reduce this, with the recommendation of Narasimham-committee, banking ombudsman scheme was set up by the RBI in 1995 which has increased its popularity after revising its scheme on 2006, it was revised to include all the banks which were not covered earlier and also to include the grounds which were not included previously in the scheme. Through this study one can understand the working of Banking Ombudsman from Customers perspective.

Keywords: Bankers, Negligence, Customers, Services, Grievances, Redressal, Banking Ombudsman

INTRODUCTION:-

Banking forms an important financial service sector and as a part of service it is important for banks to have a look at customers satisfaction, banking ombudsman scheme thus enables an expeditious and inexpensive forum to the bank customers for the resolution of complaints relating to certain services rendered by banks. It was introduced under section 35A of banking regulation act 1949 by RBI and came into effect from 1995. Banking ombudsman scheme was revised on 2005 which came into effect from January 2006 to include all Scheduled Commercial Banks, Regional Rural Banks and Scheduled Primary Co-operative Banks.

Banking Ombudsman is a senior official appointed by the RBI to redress the grievances of the customers against the deficiency in the services rendered by banks. There are 15 Banking

Ombudsman appointed till date and the offices are located mostly in the capitals of the state. In this study the customers perspective towards the Banking Ombudsman Scheme have been analysed.

Objectives of the study:

1. To examine the impact of Banking Ombudsman from customers perspective.

Hypothesis of the study:

H₀: There is no significant difference in the Customers Perspective towards grievances redressal mechanism of Banking Ombudsman Scheme.

H₁: There is significant in the Customers Perspective towards grievances redressal mechanism of Banking Ombudsman Scheme.

Statement of the Problem:-

As a service organisation, the complaints had kept increasing in the banking sector, there were many forums to solve the grievances, but since the consumer forums or the courts were hard pressed due to the vast complaints, banking ombudsman had taken care to solve the grievances of only the bank customers, in consequence this study was mainly undertaken to analyse the customers perspective towards the Banking Ombudsman Scheme

Methodology of the study: -

This study is based on the both the primary and the secondary data; the sources for the data collection would include journals, reputed publications, newspapers articles. The analyses of the study is made from the questionnaire collected from 400 samples by taking Yamane formula into consideration.

Sample selection of the bank Customers

As the population of customers who had complained to the Banking Ombudsman Scheme is large in size, Yamane (1967) simplified the formula for calculation of sample size from a population is applied which is shown below.

$$N \pm N(e)^2$$

Where 'N' is the population size

'e' is level of precision

According to him, for 95% confidence level and p=0.5, size of sample will be 400 respondents, By considering the above, simplification for sample size is shown below:

$$= \frac{1,85,000}{1 + 1,85,000(0.05)^2}$$

$$= 399.137$$

$$= 400$$

The population for the study includes 400 customers of which 240 males and 160 females who had given complaints to the Banking Ombudsman. Since the complainants in Karnataka were found to be less, the mode of referral method was taken for the sample collection of data.

The table 1.1 shows the sample division of customers on the basis of Gender

Table 1.1
Sample Size- Customers who had complained to the Banking Ombudsman

Sl No.	Types of Banks	Number of Banks	Gender	Total No. of respondents	Percentage of respondents
1	Public Sector Banks	126	Male	104	26
			Female	92	23
2	Private Sector Banks	117	Male	98	24.5
			Female	46	11.5
3	Foreign Banks	13	Male	38	9.5
			Female	22	5.5
	Total	256	Total	400	100

Source: Sample Design

The SPSS software was used to analyse the data by taking the Mean, Standard Deviation, and Mean Difference and also by taking the Independent sample test and ANOVA test into consideration to study Customers Satisfaction as influenced by Gender, qualifications and age into consideration.

Literature Review: -

Many authors have conducted the study about the Banking Ombudsman Scheme, the main idea what we have got through the previous study is that the banking ombudsman scheme has shown a positive effect towards both the customers and the bankers by enabling the customers to trust the Bank.

S. Gousia (Dec 2013): has studied about the banking ombudsman scheme as a part of customer protection in banking services in India and addresses that there has been absence of legislation in the field of consumer protection in banking services. His article aimed to study on mode wise complaints, disposal and rejection of complaints, he tells that in order to make banking ombudsman effective, it is now being made fully staffed and funded by the RBI.

Priya Nair (Jan 2013): in her article tells that during 2011-12 most of the complaints were related with the failure to meet commitments or not following the banking code or fair practices code which was followed by the credit/debit card and deposit accounts. She further tells that the impending review of the scheme might seek to introduce the time frame for the scheme to resolve the customer's complaints. Thus the time frame would help the customers.

Vijay C Roy (Aug 2013): in his article depicts that the complaints relating to the ATM and debit card failed transactions tops the list and that the complaint has increased compared to the previous year. He also tells that majority of the complaints about 50% were approached directly to the ombudsman without lodging prior to banks, so, these were send back for resolution advising the customers to approach the bank and then if they don't get reply within a month or if they are not satisfied with the reply of bank, they could approach ombudsman again.

Debashis Basu (Jan 2014): in his articles opined that the scope of banking ombudsman scheme is moving very slow and tells that for electronic fraud cases the banks should be responsible for unauthorised transactions even if their suspicion is on their own employees. He finally concludes his article saying that the rejection of complaints by the banking ombudsmanis on rising trend, this would be with two reasons. One is customers have not been informed

about the narrow scope of ombudsman or it might also be that RBI is insensitive in expanding the nature of banking complaints.

Abhay Rao (Aug 2011): in his article points that most of the complainants approach the banking ombudsman first without informing the banks and this is considered as ‘first resort’ which is not entertained by the banking ombudsman office and also tells that the banks may also be blamed for it, since they display the contact details of both banks nodal office and banking ombudsman for customers benefits without mentioning whom to contact first and how.

Manish Chauhan (April 2011) in his article addresses that banking ombudsman today covers almost all kinds of complaints and it was last revised in Feb. 2009 to cover even the deficiencies arising out of internet banking. He says that the best part of it is if a common man faces mental agony then he/she can claim compensation up to 1 lakh. He finally concludes his article stating that just because the banks are bigger in size, they cannot go beyond the guidelines and the customers have to be treated sociable.

ANALYSIS OF THE STUDY: -

Banking Ombudsman Scheme have their offices at 15 headquarters, in the main city. The customers of the particular bank or the branch have to provide their complaints to the respective offices where their branch is located. The office of Banking Ombudsman receives many complaints and from year to year the complaints have kept increasing. The analysis of the study deals with the Customers satisfaction regarding revised Banking Ombudsman Scheme as influenced by Gender, Qualification and Age.

Table:1.2 Shows the mean, SD, and t-Value on Customer as influenced by Gender:

Gender	N	Mean	SD	Mean Difference	t-Value	P-Value
Male	240	27.10	8.468	1.399	.304	0.726
Female	160	27.40	8.523			

Source: Field Survey

Table 1.2 indicates the Customers satisfaction regarding Revised Banking Ombudsman Scheme as influenced by Gender, it states that average as influenced by the Gender is 27.10 for the male and 27.40 for female, it depicts there is no much difference in the mean influencing the satisfaction on gender, while the Std deviation is found to be 8.468 and 8.523, depicts that there is no much deviation in the satisfaction regarding the gender, the mean difference is very nearer, shows there is no difference in the average factors affected by gender.

In order to find out the significant mean differences on customers satisfaction regarding revised ombudsman scheme as influenced by Gender an independent sample test was calculated and the obtained t value is -.304 and P-value of 0.726 indicates that there is no significant difference in the customer satisfactory regarding the revised banking ombudsman scheme as influenced by gender, hence the statistical analysis supports the null hypothesis.

ANOVA TABLE:

Table: 1.3 Shows the Mean, SD and F- Value on customers as influenced by Qualification:

Groups	N	Mean	SD	F Value	P- Value
PUC	40	26.03	9.786		
Graduate	120	26.70	7.583		

Post Graduate	120	27.98	8.699	.686	.634
M Phil	40	26.20	9.571		
Ph. D	40	27.73	8.296		
Others	40	28.18	8.187		

Source: Field Survey

Table 1.3 depicts the customers satisfaction regarding Revised Banking Ombudsman Scheme as influenced by Qualification, it states that the mean value as influenced by qualification is in the range between 26.03 to 28.18. It states that there is no difference in the average value on customers satisfaction influenced by qualification. The standard deviation of the graduates is 7.582 which is the lowest while the standard deviation for m phil is found to be 9.587. There is highest deviation in the M Phil and PUC when compared to all other variables.

In order to find out the significant mean differences on customers satisfaction regarding revised ombudsman scheme as influenced by qualification an ANOVA test was calculated and the obtained F value is .686 is greater than the and P-value of 0.634 indicates that there is no significant difference in the customer satisfactory regarding the revised banking ombudsman scheme as influenced by qualification, hence the statistical analysis supports the null hypothesis.

Table:1.4 Shows the Mean, SD and F-Value on Customer's as influenced by Age:

Groups	N	Mean	SD	F- Value	P-Value
20-30	80	27.33	7.859	1.254	.286
30-40	200	27.77	8.536		
40-50	120	26.23	8.764		

Source: Field Survey

Table 1.4 Indicates the customers satisfaction on Banking Ombudsman Scheme as influenced by Age. It states that the mean value as influenced by qualification is in the range between 26.23 to 27.77. It states that there is no difference in the average value on customers satisfaction influenced by age. The standard deviation of the 30-40 years is 7.589 which is the lowest, while the standard deviation for 40-50 years is found to be 8.764 which is the highest.

In order to find out the significant mean differences on customers satisfaction regarding revised ombudsman scheme as influenced by age, an ANOVA test was calculated and the obtained F value is 1.254 is greater than the and P-value of 0.286 it indicates that there is no significant difference in the customer satisfactory regarding the revised banking ombudsman scheme as influenced by age hence the statistical analysis supports the null hypothesis.

Thus, from the overall analysis of the study it can be said that the Banking Ombudsman Scheme have been working towards the betterment of the customers and thus they have handled their grievances in such a way that the customers are satisfied with their services, it is making the bankers work better and not go beyond the rules and regulations given by the RBI. Overall, it helps the customers to have a positive effect towards the banking industry.

FINDINGS OF THE STUDY: -

1. The mean value as influenced by the Gender is 27.10 for the male and 27.40 for female, while the Std deviation is found to be 8.468 and 8.523, , the mean difference is very nearer, shows there is no difference in the average factors affected by gender. Independent sample test was calculated and the obtained t value is -.304 and P-value of 0.726 indicates that there is no significant difference in the customer satisfactory regarding the revised banking ombudsman scheme as influenced by gender.
2. The Obtained mean value as influenced by qualification is in the range between 26.03 to 28.18. The standard deviation of the graduates is 7.582 which is the lowest while the standard deviation for M Phil is found to be 9.587. There is highest deviation in the M

Phil and PUC when compared to all other variables. The ANOVA test was calculated and the obtained F value is .686 is greater than the and P-value of 0.634 indicates that there is no significant difference in the customer satisfactory regarding the revised banking ombudsman scheme as influenced by qualification.

3. The mean value as influenced by qualification is in the range between 26.23 to 27.77. The standard deviation of the 30-40 years is 7.589 which is the lowest while the standard deviation for 40-50 years is found to be 8.764 which is the highest. ANOVA test was calculated and the obtained F value is 1.254 is greater than the and P-value of 0.286 it indicates that there is no significant difference in the customer satisfactory regarding the revised banking ombudsman scheme as influenced by age.

CONCLUSION

The study was done to know the customers perspective towards the Banking Ombudsman Scheme. The study found that there is no significant difference in the customer satisfaction regarding the revised Banking Ombudsman Scheme as influenced by Gender, Qualification and Age. The independent sample test and ANOVA supports the null hypothesis. Overall the study concludes that the banking ombudsman is working effective, the customers also are getting flexibility in approaching the Office of the Banking Ombudsman and it can be said that due to the intervention of Banking Ombudsman, the Banks are serving better in the recent years, thus the customers also are becoming loyal to the banks.

REFERENCES:

Annual reports of the banking ombudsman scheme from 2006-07 till 2012-13.

Priya Nair (Jan 2013). Banking ombudsman Scheme may be widened, http://www.business-standard.com/article/pf/banking-ombudsman-scheme-may-be-widened-113011100030_1.html accessed on (22-4-2014)

Vijay C Roy (Aug 2013) ATM, debit card-related complaints top Chandigarh banking ombudsman's list, http://www.business-standard.com/article/pf/atm-debit-card-related-complaints-top-chandigarh-banking-ombudsman-s-list-113082900833_1.html accessed on (23-4-2014)

Debashis Basu (Jan 2014): RBI - Too slow to help consumers, http://www.business-standard.com/article/opinion/debashis-basu-rbi-too-slow-to-help-consumers-114010500773_1.html accessed on (23-4-2014)

Abhay Rao (Aug 2011): How to use bank ombudsman, http://www.business-standard.com/article/pf/how-to-use-bank-ombudsman-111081100036_1.html accessed on (23-4-2014)

Manish Chauhan, What is Banking Ombudsman? <http://www.jagoinvestor.com/2011/04/banking-ombudsman.html> accessed on 13-05-2014

S. Gousia (Dec 2013), Banking Ombudsman- Protection to consumers, SIT Journal of Management, vol-3, pg 110-120

http://shodhganga.inflibnet.ac.in/bitstream/10603/11314/5/05_chapter1.pdf accessed on 23-6-2014

