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**INTERNATIONAL JOURNAL OF BUSINESS, MANAGEMENT  
AND ALLIED SCIENCES (IJBMAS)**  
A Peer Reviewed International Research Journal

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**CUSTOMERS' AWARENESS REGARDING BANKING OMBUDSMAN  
SCHEME**

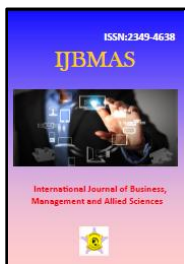
**CAROLEENA JANEFER<sup>\*1</sup> SURAKSHA<sup>2</sup>, Dr. ABUBAKKAR SIDDIQ<sup>3</sup>**

<sup>1,2</sup> Assistant professor, St Aloysius (autonomous) Degree College, Mangalore

<sup>1\*</sup>janefer\_caroleena@rediffmail.com; <sup>2</sup>msuraksha70@gmail.com

<sup>3</sup>Associate Professor, Dept. of P.G. Studies in Commerce, University College, Hampankatta,  
D.K., Karnataka

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**ABSTRACT**

In the present era of changing global environment, most of the organization is providing innovative ways to achieve competitive advantage, enhanced customer loyalty, and improve efficiency without sacrificing quality of service. Banking organizations are facing intense customer service pressures than ever before due to intense competition. Keeping in view banks offers value added services including grievance redress machinery to satisfy their customers. The Banking Ombudsman (BO) scheme was established by the reserve bank of India (RBI) in 1995 to provide speedy solutions to grievances faced by bank customers. Proactive measures are taken by the RBI and awareness campaigns are conducted by the ombudsman. In this article, an attempt has been made to analyze the awareness of banking ombudsman scheme. The study is purely empirical in nature, depending on both primary and secondary data.

Keywords: awareness; grievance; redressal.

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**INTRODUCTION**

With the main objective of improving/strengthening the relationship between Banker and Customer by providing quick and inexpensive redressal of customer complaints relating to deficiencies in banking services the Banking Ombudsman Scheme 2006 of Reserve Bank of India has come into effect from 1st January 2006. A customer who is unsatisfied with grievance redressal may approach the Banking Ombudsman and Banking Ombudsman will sort out and facilitate speedy settlement of the grievances

**THE BANKING OMBUDSMAN SCHEME**

The Banking Ombudsman Scheme enables an expeditious and inexpensive forum to bank customers for resolution of complaints relating to certain services rendered by banks. The Banking Ombudsman Scheme is introduced under Section 35A of the Banking Regulation Act, 1949 by RBI with effect from 1995. The Banking Ombudsman is a senior official appointed by the Reserve Bank of India to redress customer complaints against deficiency in certain banking services. As on date, fifteen Banking Ombudsmen have been appointed with their offices located mostly in state capitals.

All Scheduled Commercial Banks, Regional Rural Banks and Scheduled Primary Co-operative Banks are covered under the Scheme.

#### LITERATURE REVIEW

- Umar A. Oseni, Sodiq O. Omoola, (2017) "Prospects of an online dispute resolution framework for Islamic Banks in Malaysia: An empirical legal analysis aimed to examine the prospects of using an online dispute resolution (ODR) platform for resolving relevant Islamic banking disputes in the usual banker-customer relationship in Malaysia. Author opined that through proper regulation, such innovative dispute management mechanism would not only address some legal risks associated with banking disputes but could also prevent reputational risks in the Islamic financial services industry. The results obtained showed that "access to justice", "attitude of stakeholders" and "resolving disputes" are the most influencing factors affecting the intention to use ODR among stakeholders, particularly customers and bankers in the Islamic financial services industry in Malaysia.
- Richard Brophy, (2014) "Financial services education: An Irish perspective", aims to chart the development of financial services education from its origins in the insurance industry to the current offering for people who wish to work in the life and non-life insurance industry. Study revealed that Educational requirements in Ireland go a long way in terms of ensuring that workers in financial services are adequately skilled in terms of academic, professional, ethical and continuous professional development (CPD). The Irish system covers a lot of aspects of financial services minimum competency code that is implemented in other EU jurisdictions, and in some cases, it has a unique approach in CPD
- Bhattacharjee (2011) opines that maintaining a good relationship with the customers is the primary function of the banking business and it is necessary to improve it in semi-urban and rural areas of the country. The study revealed that the customers were not satisfied with the banking services at all, especially with the ATM services and attitude of employees with customers. Also, awareness program about the use of e-technology devices should be organized for making smooth and prompt business transactions.
- Kamakodi (2007) examines how computerization has influenced the banking habits and preference of Indian customers, and which factors influence these preferences. Changing of residence, salary and non-availability of technology based services were given as the three main reasons for changing bank.
- Jain and Jain (2006) show that the Indian banking industry has undergone radical changes due to liberalization and globalization measures undertaken since 1991. There has been a great surge in retail banking. The study based on responses received from 200 customers of Housing Development Financial Corporation (HDFC) bank, Industrial Credit and Investment Corporation of India (ICICI) bank and some other private and nationalized banks in Varanasi identified the various types of services offered by banks, the level of satisfaction about different types of services, expectations about these services and the level of segmentation among the services offered.

**METHODOLOGY:** Study is based on descriptive research method.

Sources of Data: study is based on primary and secondary source of data. Data were collected books, journals, RBI reports. In order to analyse the data, various statistical tools like percentages, T TEST and ANOVA have been computed.

#### RESEARCH OBJECTIVES

This study aims to achieve the following objectives:

- a) To assess the awareness level of customers regarding banking ombudsman scheme
- b) To suggest remedial measures improve the banking ombudsman schemes

#### DATA ANALYSES AND INTERPRETATION

- (A) Social and Economic profile of Respondents:

The study is based on primary data collected from 90 respondents through a questionnaire. The demographic profile of the respondents was analyzed using five factors as age, gender, residence, occupation and annual household income. The demographic profile of the respondents is framed in Table I. It reveals that the majority of respondents were female (67 percent) residing in urban areas. As far as the age of respondents is concerned, it was found that majority of bank customers, i.e. 47 percent were between the ages of 40-50. Further occupation 37 percent respondents were engaged in business. With regard to income level, the majority of the respondents were in the income group ranging between 0-40000

Table 1

		Frequency	Percent
<b>Age</b>	Below 30 years	0	0
	30-40 years	6	7
	40-50 years	42	47
	Above 50 years	42	46
<b>Gender</b>	Male	30	33
	Female	60	67
<b>Resident</b>	Urban	42	47
	Semi-urban	30	33
	Rural	18	20
<b>Occupation</b>	Govt employee	16	18
	Private employee	28	31
	Business	33	37
	Home maker	3	3
	Self-employed	10	11
	Monthly income	Upto 20000	33
	20,000-40,000	33	37
	40,000-60000	12	13
	Above 60000	12	13

(SOURCE PRIMARY DATA)

### (B) CUSTOMERS AND AWARENESS LEVEL

For analyses of data T-TEST was applied.

Table 2

Particulars	N	Mean	Std. Deviation	t	df	Sig. (2-tailed)	Sig. Level
1. BOS settled the complaints relating to Non-payment or inordinate delay in the payment or collection of cheques, drafts, bills etc.	90	3.53	1.153	4.387	89	.000	HS
2. BOS settled the complaints relating to Non-acceptance, without sufficient cause, of small denomination notes tendered for any purpose, and for charging of commission in respect thereof.	90	3.13	.889	1.422	89	.158	NS
3. BOS settled the complaints relating to Non-acceptance, without sufficient cause, of coins, tendered and for charging of commission in respect thereof;	90	3.27	1.216	2.080	89	.040	S

4. BOS settled the complaints relating to Non-payment or delay in payment of inward remittances.	90	3.10	1.307	.726	89	.470	NS
5. BOS settled the complaints relating to Failure to issue or delay in issue of drafts, pay orders or bankers' cheques.	90	3.50	1.183	4.011	89	.000	HS
6. BOS settled the complaints relating to Non-adherence to prescribed working hours.	90	3.33	1.049	3.014	89	.003	S
7. BOS settled the complaints relating to Failure to provide or delay in providing a banking facility (other than loans and advances) promised in writing by a bank or its direct selling agents.	90	3.33	1.199	2.637	89	.010	S
8. BOS settled the complaints relating to Delays, non-credit of proceeds to parties accounts, non-payment of deposit or non-observance of the Reserve Bank.	90	3.33	1.254	2.521	89	.013	S
9. BOS settled the complaints relating to Directives, if any, applicable to rate of interest on deposits in any savings, current or other account maintained with a bank.	90	3.57	1.092	4.924	89	.000	HS
10. BOS settled the complaints relating to Complaints from Non-Resident Indians having accounts in India in relation to their remittances from abroad, deposits and other bank-related matters.	90	3.20	1.334	1.422	89	.158	NS
11. BOS settled the complaints relating to Refusal to open deposit accounts without any valid reason for refusal.	90	3.37	.880	3.953	89	.000	HS
12. BOS settled the complaints relating to Levying of charges without adequate prior notice to the customer	90	3.47	1.093	4.049	89	.000	HS

(HS highly significant, NS not significant, S significant) (SOURCE PRIMARY DATA)

The above table describes about the customer awareness about banking ombudsman scheme. Statistical result says that people are highly aware about BOS settled the complaints relating to Non-payment or inordinate delay in the payment or collection of cheques, drafts, bills etc., BOS settled the complaints relating to Failure to issue or delay in issue of drafts, pay orders or bankers' cheques, BOS settled the complaints relating to Directives, if any, applicable to rate of interest on deposits in any savings, current or other account maintained with a bank, BOS settled the complaints relating to Refusal to open deposit accounts without any valid reason for refusal and BOS settled the complaints relating to Levying of charges without adequate prior notice to the customer with significant level 0.000 (<0.005) at 5 percent significant level and t value more than 4.000. Study also finds that people are aware about the banking ombudsman like BOS settled the complaints relating to Non-acceptance, without sufficient cause, of coins, tendered and for charging of commission in respect thereof, BOS settled the complaints relating to Non-adherence to prescribed working hours, BOS settled the complaints relating to Failure to provide or delay in providing a banking facility (other than loans and advances) promised in writing by a bank or its direct selling agents and BOS settled the

complaints relating to Delays, non-credit of proceeds to parties accounts, non-payment of deposit or non-observance of the Reserve Bank with  $>0.000$  significant level and  $t$  value  $\geq 3.00$  at 5 percent significant level. Study also finds that customers are not aware about BOS settled the complaints relating to Non-acceptance, without sufficient cause, of small denomination notes tendered for any purpose, and for charging of commission in respect thereof, BOS settled the complaints relating to Non-payment or delay in payment of inward remittances and BOS settled the complaints relating to Complaints from Non-Resident Indians having accounts in India in relation to their remittances from abroad, deposits and other bank-related matters with significant level  $>0.005$  and  $t$  value  $<2.000$  at 5 percent significant level.

✓ AVONA TEST Result Details

H0: There is no significant difference between group mean

Source	SS	df	MS	
Between-treatments	3570	4	892.5	F = 25.56641
Within-treatments	1920	55	34.9091	
Total	5490	59		

The tested  $p$  value 0.00001 with ANOVA value 25.5661 at is  $<0.005$ . Which says rejected null hypothesis and accepted alternative hypothesis that means there is difference between the awareness about banking ombudsman scheme.

#### SUGGESTION

The Ombudsman scheme is a boon and a very important channel for redressal of grievances by the general public against banks and banking services. There is a need to improve awareness about the Banking Ombudsman Scheme among the customers. Awareness among customers can be created through interface with banks, organizing awareness camps, participation in exhibitions, broadcasting advertisements through AIR and Doordarshan and many others.

#### CONCLUSION:

In the present era of globalization there is growing importance of customer awareness, customer protection and customer literacy. The redress action should be as closely associated as possible to the initial point where the grievance arises or an effective and efficient grievance redress system. The banks themselves should make efforts to redress the complaints of their customers through their internal mechanism. As customer satisfaction is key to customer retention

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