

## Performance Review of Banking Ombudsman Scheme

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### ABSTRACT

*In the present era everything is available at a click of a button, consumers are getting smarter and more demanding than ever before. Consumers have more information and options available at any given time. The Ombudsman Scheme is an inexpensive resolution to customer complaints. In this paper the performance of Banking Ombudsman Scheme has been review. The study is based on the descriptive analysis.*

**Keywords:** Banking Ombudsman, complaints, Disposal.

### Introduction

We can notice a shift in customer expectations. Mr. N. P. Tripathy (2009), a renowned researcher in Financial Services wrote about the shift towards customer focus of banking over the decades as follows:

Table no 1: Decade Focus on Customer

1950 -1960	Serving the customer
1960 -1970	Satisfying the customer
1970 -1990	Pleasing the customer
1990 - 2000	Delighting the customer
2000 and beyond	Retaining the customer

(Source: www.bcsbi.org.in )

Above table clearly indicates that there is a need for personalized touch and the customers expect that they would be heard and their issues resolved. For effective, quick and impartial redressal of the grievances of the customers and also to avert the defects of the existing redressal machineries, Banking Ombudsman Scheme was implemented in India in the year 1995.

**Methodology:** Descriptive research methodology is adopted.

**Sources of Data:** This study mainly based on secondary data. Data were collected books, journals, RBI reports

### Review of literature

- 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.

**Objective of the Study**

- This study aims to analyze the performance of Banking Ombudsman Scheme in Indian Banking sector.

**Data Analysis and Interpretation**

Table 2: Number of complaints received by OBOs

Number of complaints received by OBOs						
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
No. of OBOs	15	15	15	15	15	20
Complaints received during the year	72889	70541	76573	85131	102894	130987

Above table shows that number of complaint has increased over the years.

**HYPOTHESIS**

- There is no significant relationship between the number of complaints received and disposed. To test this hypothesis data pertaining to eligible complaints received and complaints disposed are considered. 'F' test is used and the procedures are given below

Table no 3: number of complaints received and disposed.

Year	Eligible complaints received	Complaints disposed
2010-11	167.0	167.0
2011-12	351.0	338.0
2012-13	373.0	357.0
2013-14	107.0	77.0
2014-15	103.0	88.0
2015-16	49.0	46.0
2016-17	18.0	11.0

Table no 4: summary and results

Source	SS	df	MS	
Between-treatments	504	1	504	F = 0.02544
Within-treatments	237739.7143	12	19811.6429	
Total	238243.7143	13		

The f-ratio value is 0.02544.the p-value is 0.87593.the result is not significant at p<0.05.Since the calculated value 0.02544 is much less than the tabulated value, the null hypothesis is accepted. It is clear that there is no significant relationship between the means of complaints received and disposed over the years.

- There is no significant difference in the types of Banks from which complained is received over the years

Table 5: Bank group-wise classification

Bank group-wise classification					
Bank Group	No of Complaints Received During				
	2012-13	2013-14	2014-15	2015-16	2016-17
Nationalized Banks	21609 (31%)	24391 (32%)	28,891 (34%)	35,447 (35%)	45,364 (35%)
SBI & Associates	23134 (33%)	24367 (32%)	26,529 (31%)	29,585 (29%)	35,950 (27%)
Private Sector Banks	15653 (22%)	17030 (22%)	19,773 (23%)	26,931 (26%)	35,080 (26.5%)
Foreign Banks	4859 (7%)	5016 (6.5%)	3,406 (4%)	3413 (3%)	3284 (2.5%)
RRBs/ Scheduled Primary Urban Co-op. Banks	1489 (2%)	1590 (2%)	1966 (2%)	2293 (2%)	2481 (2%)
Others	3797	4179	4,566	5225	8828

	(5%)	(5.5%)	(6%)	(5%)	(7%)
Total	70541	76573	85,131	102,894	130,987

Table 6: summary

	1	2	3	4	5	Total
N	6	6	11	9	9	41
ΣX	70541	76573	5211	12984	16102	181411
Mean	11756.8333	12762.1667	473.7273	1442.6667	1789.1111	4424.659
ΣX <sup>2</sup>	1287391457	1523844867	6023445	45618580	95919472	2958797821

Table 7: Results

Source	SS	df	MS	
Between-treatments	1053902882.4821	4	263475720.6205	F = 8.60553
Within-treatments	1102213208.7374	36	30617033.576	
Total	2156116091.2195	40		

The f-ratio value is 8.60553. the p-value is 0.000056. the result is significant at p<0.05. Since the calculated value is much more than the tabulated value, the hypothesis is rejected. Hence the test brings out significant difference between the complaints made by different group of banks with ombudsman scheme.

- There is no significant difference in the type of complaints.

To find the relationship between different types of complaints on ANOVA method is followed and the results are given in the table, for the test of null hypothesis that is formulated.

Table 8: Category-wise distribution of complaints

	Category-wise distribution of complaints					
	No of complaints received					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Failure to meet commitments /Non observance of Fair Practice Code/BCSBI Codes	8713 (12%)	3913 (6%)	4032 (5.3%)	24850 (29.2%)	34928 (33.9%)	44379 (33.9%)
Others	3928 (5%)	2664 (4%)	2659 (3.5%)	14482 (17%)	16988 (16.5%)	23169 (17.7%)
ATM/ Debit Cards	14492 (21%)	17867 (25%)	18474 (24.1%)	10651 (12.5%)	13081 (12.7%)	16434 (12.5%)
Pension Payments	6016 (8%)	5996 (9%)	5655 (7.4%)	5777 (6.8%)	6342 (6.2%)	8506 (6.5%)
Credit Cards	3806 (5%)	3817 (5%)	4547 (5.9%)	7472 (8.7%)	8740 (8.5%)	8297 (6.4%)
Levy of Charges without prior notice	5944 (8%)	5740 (8%)	6555 (8.5%)	5510 (6.5%)	5705 (5.5%)	7273 (5.6%)
Deposit accounts	18365 (25%)	18130 (26%)	20368 (26.6%)	4661 (5.5%)	5046 (4.9%)	7190 (5.5%)
Out of purview of BO Scheme	459 (1%)	351 (0.8%)	295 (0.4%)	3774 (4.4%)	3751 (3.7%)	6230 (4.8%)
Loans and advances	165 (0.2%)	56 (0.2%)	63 (0.1%)	4846 (5.7%)	5399 (5.3%)	5559 (4.2%)
Remittances	7327 (10%)	8635 (12%)	9861 (12.9%)	2700 (3.2%)	2494 (2.4%)	3287 (2.5%)
DSAs and recovery agents	3674 (5%)	3372 (5%)	4064 (5.3%)	347 (0.4%)	357 (0.3%)	330 (0.25%)
Notes and coins	72889	70541	76573	61 (0.1%)	63 (0.1%)	333 (0.25%)
Total	8713 (12%)	3913 (6%)	4032 (5.3%)	85,131	102,894	130,987

Table 9: summary

	1	2	3	4	5	Total
N	7	8	8	8	7	38
ΣX	58127	62290	66467	81735	61264	329883
Mean	8303.8571	7786.25	8308.375	10216.875	8752	8681.132

$\sum X^2$	753804159	708812384	903029551	1601064687	724645870	4691356651
Std.Dev.	6722.1754	5654.4151	7079.112	10460.7321	5604.5122	7028.1267

Table 10: results

Source	SS	df	MS	
Between-treatments	27417655.235	4	6854413.8087	F = 0.12565
Within-treatments	1800181267.1071	33	54550947.4881	
Total	1827598922.3421	37		

The f-ratio value is 0.12565,the p-value is 0.972154.the result is not significant at  $p < 0.05$ .The computed value of F (1.3105) is less than the table value and hence the hypothesis is accepted. Hence it is inferred that there is no significant difference in the types of complaints received

**Conclusion:**

New modes of payments & settlements coming up and banks increasingly bringing in newer products, offerings & services the total number of banking transactions is growing. With the increasing complaints the number of OBOs has not increased over the years,RBI should give a thought towards increasing the number of Ombudsmen. The internal ombudsman has to be made stronger so as to minimize the need for customers to approach other for a redressal of their complaints.

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