

# A Study of Awareness Level of Banking Ombudsman Scheme With Special Reference to Mini Cities Like Haldwani

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**Abstract -** Banking Ombudsman is an official appointed by RBI to redress the grievances of customers regarding the services rendered by banks. This scheme enables an expeditious and inexpensive forum to bank customers. Banking Ombudsman Scheme has been started in India on the recommendation of Narasimham committee in 1995. This scheme has been started in India on the footprint of Banking Ombudsman Scheme of England. Currently banking Ombudsman Scheme 2006 is in operation in India with some amendments from time to time, latest in the year 2017. Currently there are 20 Banking Ombudsman in India. In the year 2016 Banking Ombudsman new office Dehradun in the state of Uttarakhand started by RBI. This paper is basically to see the awareness level of bank customers in small cities like Haldwani. This paper will show, to what extent customers are aware about banking ombudsman scheme. It will be very beneficial for policy makers and implementing authorities to decide that how such schemes can be reached to the common customers and make them aware on their rights.

**Key words:** Banking Ombudsman, commercial banks, Customer awareness, Expeditious, Grievance redressal, Inexpensive.

## I. INTRODUCTION

RBI has provided a platform to bank customers for redress of their banking related disputes for making an improvement of customer services in banking industry. The banking ombudsman scheme in India was introduced by RBI in the year 1995 for the first time by inserting a section 35A in banking regulation act 1949. This scheme renovated and amended scheme was brought out in the year 2006. Keeping in tune with every important development of the banking channels for delivery of services, amendments in it has been made from time to time. The last amendment was made in July 2017. Presently the banking ombudsman scheme 2006 is in operation. Banking ombudsman scheme covers all commercial banks, RRBs, and scheduled primary Co- Operative Banks.

### **Purpose of the scheme:**

The scheme is introduced with the objective of enabling resolution of complaints relating to certain services rendered by banks. The grounds of complaints is on the basis of deficiency in banking services including internet banking. Few of them are-

- Non- payment or inordinate delay in the payment or collection of cheques, drafts, bills etc.
- Regarding non acceptance or rendering of small denomination notes and coins.

- Non- payment or delay in payment of inward remittance, failure in issue of drafts etc.
- Failure to provide or delay in providing a banking facility promised in writing. (Other than loans and advances.)
- Refusal to open bank deposit accounts without any valid reason.
- Levying of charges without any adequate prior notice to customers. And many more.

### **Conditions for complaints:**

- If complain was made to the bank and bank had rejected or no reply was received within a month or complainant is not satisfied with the reply given by the bank.
- The complaint is made not later than one year after the complainant has received the reply of the bank to his representative or where no reply is received, not later than one year and one month after the date of the representation to the bank.
- Complaint is not issued for already settled matter by other ombudsman offices.
- Same matter is not in proceeding before court or any other forum is pending or a decree or order has been passed.
- The complaint is not frivolous or vexatious in nature.

### Amount of award:

Award shall specify the amount to be paid by bank as compensation, not more than actual loss suffered as direct consequence of act of omission or commission of the bank or rupees 20lac, whichever is lower. The banking ombudsman may award compensation not exceeding rupees 1lac to the complainant for mental agony and harassment.

## II. REVIEW OF LITERATURE

The number of studies has been conducted regarding the services of banking ombudsman to their customers. Some of them are listed below: **Shankar (2004)** asserts that customer service in banks means satisfying the needs of customers at the right time and in the right manner with accuracy, reliability, high service speed, security and enquiry facility for an efficient customer service. The excellent and managing customer relationship is the future of any business or everybody's business. As such, customer focus is not being viewed as just a business strategy, but should become a corporate mission.

**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.

**Singh Tejinderpal (2011)** found that there has been substantial increase in the number of complaints received by the Bank Ombudsman offices which shows the increased faith of customers in Bank Ombudsman. In Bank group wise Scheduled Commercial Bank shows this trends, however primary Co- Operative Banks and Regional Rural Banks constitute very nominal share in total number of complaints. Among different categories, Credit Cards related complaints has major part of complaints.

**Singh Rajdeep (2016)** in his study found that rural sector is not active like the urban and semi- urban sector. The major reason for this trend are the lack of awareness and ability among the rural sector population to file complaints against the banks misdeeds. He also found that complaints against Public Bank is large. However grievance resolving ratio has increased from 94% to 96% in **2010-11 to 2014-15**. **Malyadri P and Sirisha S. (2012)** critically evaluated the Banking Ombudsman scheme.

### Importance of the study:

Any scheme is called successful than, when its purpose is achieved. Banking ombudsman scheme is one of the scheme which provides facility for customers to redress

their grievances without of hiring any advocate. It is an expeditious and inexpensive way to get ones matter resolve with the bank. So firstly customers needed to make aware about it to get desired results.

### Statement of the problem:

Even though banking ombudsman scheme is in operation for last 25 year but still many does not know about the scheme. They still don't know process. So this paper is to see the awareness level of cities like haldwani which is third largest city of Uttarakhand.

### Objectives:

- To see the level of awareness of banking ombudsman scheme in bank customers in small cities such as like haldwani.
- To give suggestions on the basis of the study towards the spreading of the awareness among customers by different tools.

### Research questions:

- Is there any difference in level of awareness of banking ombudsman scheme on the basis of gender?
- Is there any difference in level of awareness of banking ombudsman scheme on the basis of education qualification status?

## III. RESEARCH METHODOLOGY

The systematic and scientific process used to collect information and data for the purpose of making decision is known as research methodology.

### Research Design:

Research design is the plan and structure of investigation so taken as to obtain answers to research questions. The plan is the overall program of the research. The research design for the purpose of the study has been drafted and the steps have been take in a systematic manner. The research study is descriptive and quantitative by nature. Samples had been randomly taken out and later these were bifurcated as per the need of the study.

### Universe:

Any scheme has been successful or not can be judged on the basis of extent of changes happened in rural and remote areas. Banking ombudsman scheme is one of the fast and inexpensive forum for bank customers to redress their grievances regarding banking services. No doubt people in metro cities get benefit and awareness very fast in comparison to small cities and rural areas. So this study is done in one of small city of Indian state of Uttarakhand, Haldwani. So the universe of the study is Haldwani.

**Sample Design:**

The sampling method chosen for the study was probability sampling as well as non- probability sampling. In probability sampling simple random sampling has been used. In non- probability sampling the convenience sampling is used which is also known as purposive sampling. Total 100 samples respondents of different commercial banks have taken for the study. Further these were bifurcated in male and female groups.

**Data Collection Strategy:**

In context of the study and to achieve the objective of this, research data is collected from primary sources. Specifically the bank customers of different commercial banks of Haldwani city of Uttarakhand of India have asked and approached to see the awareness level of Banking Ombudsman Scheme. Data has been collected through questionnaire and interview schedule.

**Tools for the study:**

As it is quantitative and descriptive study to see the awareness level of banking ombudsman scheme among the customers, data collected are analysed with the help of percentage, average etc. These results are shown with the help of tables.

**IV. DATA ANALYSIS AND INTERPRETATION**

**Table 1**

Age	Frequency	Percentage
Below 18 years	8	8%
18-30 years	32	32%
30-45 years	34	34%
Above 45 years	26	26%
Total	100	100%

Table 1 shows that 100 respondents of different age group randomly taken for the study. Here it is clear from the table that 8 respondents are below the age of 18 year. These are mainly students. 32 respondents are in age group of 18year to 30 years. These are mixture of student as well as working. 34 respondents are in the age group of 30 year to 45 years. These are employed, self -employed. 26 respondents are above 45 years.

**Table 2**

Gender	Frequency	Percentage
Male	59	59%
Female	41	41%
Total	100	100%

**Table 2** represents here number of male and female respondents in total respondents. Out of 100 randomly selected respondents from different banks customers of Haldwani city 59 male and 41 female have been selected.

**Table 3 (On the basis of education qualification)**

Qualification	Frequency	percentage	Male	Percentage On total males	Female	Percentage On total female
UG	8	8%	6	10%	2	5%
Graduate	52	52%	28	47%	24	58%
Post Graduate	22	22%	14	24%	8	20%
Any other	18	18%	11	19%	7	17%
Total	100	100%	59	100%	41	100%

Table 3 represents the qualification level of all the 100 respondents. Banking ombudsman scheme is new concept in the state of Uttarakhand so from avoiding any biasness in the study illiterates has not been part of this study. 59 males and 41 females with different qualification status have selected for the study. From the above table it is clear that there are 8 undergraduates, 52 graduates, 22 post graduates, 18 professionals from different areas. Further it is bifurcated as per gender in male and female.

**Table 4 (On the basis of awareness level of B.O.S)**

Have you heard about banking ombudsman scheme?						
Responses	Male	Percentage	Female	Percentage	Total	Percentage
Yes	19	32%	9	22%	28	28%
No	40	68%	32	78%	72	72%
Total	59	100%	41	100%	100	100%

Above table 4 is now to see the awareness and knowledge of total 100 respondents. Further it is bifurcated in male and female respondents. Here out of 59 male respondents, 19 are aware of banking ombudsman scheme. Whereas 9 females out of 41 females are aware of baking ombudsman scheme.

**Table 5 (Awareness level on the basis of educational status)**

Education status	Male	Percentage	Female	Percentage	Total	percentage
UG	2	33%	0	0%	2	25%
Graduate	6	21%	4	17%	10	19%
PG	4	29%	2	25%	6	27%
Any other	7	64%	3	43%	10	56%
Total	19		9		28	

Table 5 shows the awareness level on the basis of the educational status. Further it is bifurcated in male and female respondent's awareness level on the basis of educational status. It is clear from the table 5 that highest percentage of awareness is seen in the professionals both in

male and females. Here in case of male professionals, out of 11 male professionals 7 are aware about banking ombudsman scheme. Whereas out of 7 female professionals 3 are aware of banking ombudsman. Table is prepared to see awareness level on the basis of educational status. Here in case of undergraduates 2 males out of total 6 males are aware of this scheme. It is 33 percent. In case of female respondents no female respondent is aware of banking ombudsman scheme. So out of total 8 undergraduate respondents, 2 respondents are aware about banking ombudsman scheme, which is 25 percent in case of undergraduate respondents. Further table 5 is prepared on the same manner.

**Table 6 (Through which medium you got to know about B.O.S)**

Medium of awareness	Male	Female	Total	Percentage
News papers	3	1	4	14%
Television	2	2	4	14%
Internet	10	4	14	50%
Seminars	0	0	0	0%
Any other	4	2	6	22%
Total	19	9	28	100%

Table 6 is to see the medium through which respondent became aware about banking ombudsman scheme. Both male and female respondents were asked about the medium of their knowledge about banking ombudsman scheme. Out of total 28 aware respondents in total number of 100 respondents includes 19 male and 9 female out of 59 male and 41 female respectively, answered that internet is the medium through which they got to about this scheme. It clear from the table that 50 percent respondents got aware through internet.

### V. FINDINGS

- Table 1 shows total samples of bank customers with different age group.
- Table 2 shows male and female respondents in total numbers of sample. Here out of 100 bank customers 59 are male and 41 are female.
- Table 3 shows education qualification status of respondents. Out of 100 respondents, 8 are undergraduates, 52 are graduates, 22 are post graduates and 18 respondents are having any other qualification (which includes professional courses). This is further bifurcated in male and female respondents. Where 6,28,14,11 males are UG, Graduates, PG and any other qualification respectively. And 2, 24, 8, 7 are UG, Graduates, PG, any other qualification respectively of female respondents.
- Table 4 shows the awareness level of banking ombudsman scheme in the respondents. Only 28 respondents out of 100 respondents were aware of this

scheme. Out of 28 respondents only 9 female respondents knows about banking ombudsman. This is only 22% of total female respondents. Whereas 19 male respondents out of 59 male respondents knows about banking ombudsman scheme. This is 32% of total male respondents which is little better in level of awareness level in comparison of female respondents.

- Table 5 is further to see awareness level on the basis of educational status. It can be clearly seen from the analysis that highest percentage of awareness level is in those who are having any other qualification. But here again male are having higher level of awareness than female.
- Table 6 is to see those who were aware of banking ombudsman scheme, they got to know about it through which medium. Here it can be clearly seen that internet is biggest medium for their information.

### VI. SUGGESTIONS

Reserve bank of India still needed to take different mediums to spread the awareness level of such kind of customer oriented grievance redressal schemes. Following steps can be taken for the improvement of it.

- ✓ Advertisement in local newspapers every month.
- ✓ Information through messages, email, every quarter at least.
- ✓ Through Conference and seminars.

### VII. CONCLUSION:

This study shows the actual position of banking ombudsman scheme in tier 3, tier 4 cities. There is no doubt that this scheme is very beneficial for bank customers. But still a lot needed to be done. From the above study done in mini city like Haldwani in the state of Uttarakhand only 28 respondents out of total 100 respondents are aware about banking ombudsman scheme. Which is only 28 percent. Only 9 females out of 41 females aware about banking ombudsman scheme, which is 22 percent. Whereas 19 males out of total 59 males are aware about banking ombudsman scheme, which is 32 percent. Awareness level in males is little better than female as per the study. It is seen that awareness level in professionals is better as per the educational status. 10 respondents in professional category out of 18 respondents are aware of banking ombudsman scheme, which is approximately 56 percent in its own category of respondents and 36 percent awareness in overall awareness. After the professional respondents best percentage in awareness level is seen in post graduate respondents. As per the medium of spreading awareness in the customers, internet have been the best medium. But it needed to consider that internet is still not easily accessible to all over India especially in cities like Haldwani and remote areas of India. So other mediums like newspaper, seminars etc. have to be considered. It is very important to



make people aware about such schemes like banking ombudsman for getting the desired results.

### VIII. LIMITATIONS

Study was carried out with some limitations like area of study, time, and resources. The findings of the study are based on the information's given by the respondents, which might have biased views in its own.

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