

A STUDY ON THE PERCEPTION OF CUSTOMERS TOWARDS THE BANKING OMBUDSMAN SCHEME IN KERALA

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Abstract

This research study investigates the perceptions of customers towards the Banking Ombudsman Scheme, aiming to provide valuable insights into its effectiveness and impact from the customer's perspective. Focused on the context of the Indian banking sector, particularly in Kerala, this survey-based research employs quantitative methods to gather and analyse data. The study utilizes a structured questionnaire to collect responses from a diverse sample of banking customers in Kerala, assessing their awareness, experiences, and satisfaction with the Banking Ombudsman Scheme. It explores customers' knowledge of their rights, the ease of accessing the scheme, their past interactions with it, and their overall perception of its utility as a dispute resolution mechanism. Through statistical analysis, the research identifies key trends, customer sentiment, and factors influencing their perceptions, including demographic variables and past banking-related issues. The findings of this research contribute to a better understanding of how customers perceive the Banking Ombudsman Scheme and its role in enhancing consumer protection within the banking industry.

Keywords:- Banking Ombudsman scheme, customer sentiment, Customer's perception, Banking sector, Kerala.

The Banking Ombudsman scheme is a mechanism established by the Reserve Bank of India (RBI) to address and resolve grievances and complaints of customers related to banking services. It serves as an independent and impartial

body that helps resolve disputes between customers and their banks. The scheme aims to ensure that customers receive fair treatment and have recourse for complaints when dealing with banks.

It covers a wide range of issues, including improper banking practices,

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non-adherence to prescribed banking codes and standards, and other disputes between customers and banks. The Banking Ombudsman plays a crucial role in upholding transparency and accountability in the Indian Banking Sector.

Significance of the Study

The significance of this study lies in its potential to contribute to various stakeholders in the banking sector in Kerala. It provides insights into the effectiveness and awareness of this customer protection mechanism. Understanding customer perceptions helps identify areas for improvement in the banking sector, ensure fair resolution of disputes and enhances overall customer satisfaction and trust in financial institutions. Additionally, such studies contribute to policy refinement, benefiting both consumers and the banking industry.

Statement of the Problem

Many customers may not be aware of the existence and functions of the banking ombudsman scheme, leading to under utilization and missed opportunities for dispute resolution. Concerns regarding the perceived effectiveness and impartiality of the banking ombudsman may influence customer trust in the system, impacting their willingness to engage with it for dispute resolution. Delays in the resolution of complaints through the banking ombudsman could lead to frustration among customers, affecting their overall perception of the scheme's efficacy. By addressing these issues, the study aims to provide valuable insights for enhancing the effectiveness and acceptance of the banking ombudsman scheme from the customers' perspective.

Objectives of the Study

- To examine the level of awareness and perception of customers towards Banking Ombudsman Scheme.
- To explore how customers perceive towards the transparency of the banking ombudsman scheme in resolving disputes.

Review of Literature

Fernandes, C., & Rodrigues, A. (2023). The study conducted by Fernandes and Rodrigues (2023) focuses on examining the role of banking ombudsman in enhancing customer service in the context of India and Brazil. The researchers explore how the banking ombudsman mechanism contributes to improving customer service in the banking sector.

Dinh, T. T. N., Nguyen, T. L., & Phan, H. T. (2023). "Assessing the Role of Banking Ombudsman in Enhancing Customer Service: Evidence from Vietnam. *Journal of Economics and Development*", in this study they investigate the role of the banking ombudsman in enhancing customer service in Vietnam. The researchers' aim to assess the effectiveness and impact of the banking ombudsman mechanism on improving customer service in the banking sector.

Vinod and Sankar (2021) conducted a study titled "Customer Satisfaction with Banking Ombudsman in Kerala: A Study with Reference to Thrissur District" published in the *Journal of Business Studies*. The study likely focuses on assessing customer satisfaction with the

banking ombudsman in Kerala, particularly in the context of Thrissur district.

Gupta and Sharma (2021) conducted an empirical study titled “Evaluating the Effectiveness of Banking Ombudsman in India: An Empirical Study of Customer Satisfaction” published in *The IUP Journal of Bank Management*. The study likely focuses on evaluating the effectiveness of the banking ombudsman in India with a specific focus on customer satisfaction.

Scope of the Study

The scope of the study entitled “A study on the perception of customers towards banking ombudsman schemes in Kerala”, encompasses the geographical area of Kerala, India, focusing on bank customers within this region. The study specifically examines the perception of the banking ombudsman scheme on customer service and satisfaction in banks in Kerala, considering various dimensions of customer service. It also explores the awareness of the banking ombudsman scheme among bank customers in Kerala. The study will be conducted within a specified time frame, and limitations such as sample size constraints and ability to generalize beyond Kerala will be acknowledged and addressed.

Methodology of the Study

Research design

This study uses a survey-based research designs to gather data on the topic “Examining the perceptions of customers towards the Banking Ombudsman

Scheme in Kerala”. The survey will be distributed to a randomly selected sample of bank customers across various regions in Kerala.

Sampling technique

The study used random selection tools and stratified sampling to ensure representation across different demographics and regions within Kerala.

Data collection

The primary data were collected using a structured questionnaire consist of items to assess variables such as examining the perception of customers towards banking ombudsman scheme, demographic information etc., the study utilize various channels for data collection, such as in-person interviews, online surveys and phone surveys, to reach a wide range of bank customers. The secondary data have been collected from published and unpublished sources such as text books, journals, theses, magazines, Government reports, etc.

Results and Discussions

Considering the foregoing context, along with our research objectives and formulated hypotheses, we have delineated a set of pertinent parameters aimed at assessing the comprehension and public perception of the Banking Ombudsman Scheme. The current study has been conducted based on the survey data collected from 95 respondents with a structured questionnaire. The questionnaire consists of 13 questions with different parameters.

Table 1
Gender wise classification of the Respondents

Gender	Frequency	Percentage
Female	35	36.8
Male	60	63.2
Total	95	100

Source: Survey Data

The above table 1 shows the gender-wise classification of the respondents. Among 95 respondents, 63.2 per cent (60) are male, 36.8 per cent (35) are female. Hence, it can be concluded that most of the respondents are male.

Table 2
Perceived benefits of the banking ombudsman scheme on customer service

Customer services	Frequency	Percentage
Fair and impartial resolution process	49	51.7
Increased transparency in resolving disputes	26	27.3
Providing platform to customers for raising their concerns	16	16.8
Enhances trust in banking sector	4	4.2
Total	95	100

Source: Survey Data

From the table 3 it is clear that more than 50 per cent of the respondents agrees that the perceived benefits of banking ombudsman scheme is fair and impartial resolution process and 27.3 per cent respondents agrees to the transparency in resolving disputes and about 16.8 per cent agrees with their benefit of clear platform for the customers to express their concerns and 4 per cent are supporting their trust.

The table 3 gives a clear picture regarding the perceived drawbacks of Banking Ombudsman scheme. The main drawback is regarding the limited awareness among customers and lengthy resolution process. Insufficient powers for enforcing decisions and inadequate compensation for customers are also

certain drawbacks. Beyond that there were other drawbacks for this scheme.

Table 3
Perceived drawbacks of the banking ombudsman scheme on customer service

Customer services	Frequency	Percentage
Lengthy resolution process	24	25.2
Limited awareness among customers	49	51.6
Insufficient powers to enforce decisions	18	19
Inadequate compensation for customers	4	4.2
Total	95	100

Source: Survey Data

Table 4
Perception towards the transparency of the banking ombudsman scheme in resolving disputes

Transparency in resolving disputes	Frequency	Percentage
Not transparent at all	17	17.9
Slightly transparent	17	17.9
Moderately transparent	41	43.2
Highly transparent	20	21
Total	95	100

Source: Survey Data

The above table 4 indicate that 43.2 per cent respondent are agreeing that the banking ombudsman scheme is moderately transparent in resolving disputes and more than 21 per cent respondent are agreeing that the scheme is highly transparent.

Table 5
The extent to which the presence of the banking ombudsman scheme promotes trust in the banking sector

Opinion	Frequency	Percentage
Not at all	17	17.9
To a limited extent	20	21.1
To some extent	31	32.6
To a great extent	27	28.4
Total	95	100

Source: Survey Data

Most of the respondents (32.6 per cent) agree that somewhat the presence of the banking ombudsman scheme

promotes trust in the banking sector and 28.4 per cent agree that to a great extent the presence of the banking ombudsman scheme promotes trust in the banking sector.

Table 6

How important is it for banks to have a separate mechanism like the banking ombudsman to address customer complaints and grievances

Opinion	Frequency	Percentage
Not at all	15	15.8
To a limited extent	17	17.9
To some extent	33	34.7
To a great extent	30	31.6
Total	95	100

Source: Survey Data

The above table 6 shows that majority (66.3 per cent) of the respondents agrees to some extent or to a great extent about the importance for banks to have a separate mechanism like the banking ombudsman to address customer complaints and grievances. About 15.8 per cent respondents are having the opinion that banks don't need such a separate mechanism to address customer complaints and grievances.

Table 7

Relationship between the presence of the banking ombudsman scheme and its impact on the overall reputation of banks in Kerala

Opinion	Frequency	Percentage
Enhances reputation	58	61.1
Has no impact	25	26.3
Deteriorates reputation	12	12.6
Total	95	100

Source: Survey Data

Table 7, shows the classification of respondents based on their opinion regarding the relationship between the presence of the banking ombudsman scheme and its impact on the overall reputation of banks in Kerala. Among 95 respondents, 61.1 per cent (58) of

respondents' opined that it enhances reputation, and 26.3 per cent (25) said no impact to the relationship between the presence of the banking ombudsman scheme and its impact on the overall reputation of banks in Kerala and 12.6 per cent (12) of respondents have the opinion that the presence of the banking ombudsman scheme will deteriorates the reputation of banks in Kerala. Hence it can be concluded that the majority of the respondents said that the presence of the banking ombudsman scheme will enhances the reputation of banks in Kerala.

Table 8

Relationship between the presence of the banking ombudsman scheme and its impact on the overall reputation of banks in Kerala

Impact	Frequency	Percentage
Enhances reputation	58	61.6
Has no impact	25	26.3
Deteriorates reputation	12	12.6
Total	95	100

Source: Survey Data

The above table 8 shows that majority (61.6 per cent) of the respondents have the opinion that the relationship between the presence of the banking ombudsman scheme and its impact enhances the reputation of banks in Kerala. Minority (12.6 per cent) of the respondents believes that the relationship between the presence of the banking ombudsman scheme and its impact deteriorates reputation of banks in Kerala.

Findings

- Majority of the respondents are male and only 37 per cent are female.
- More than 50 per cent of the respondents agrees that the perceived benefits of banking ombudsman scheme are fair and impartial resolution process

- Only 27 per cent of the respondents agree to the transparency in resolving disputes of banking ombudsman services.
- The main drawback is regarding the limited awareness among customers and lengthy resolution process.
- 43 per cent of the respondents are agreeing that the banking ombudsman scheme is moderately transparent in resolving the disputes.
- Most of the respondents agree that somewhat the presence of the banking ombudsman scheme promotes trust in the banking sector.
- Majority of respondent agrees to some extent about the importance for banks to have a separate mechanism like the banking ombudsman to address customer complaints and grievances.
- Among 95 respondents, majority of them opined that the relationship between the presence of the banking ombudsman scheme and its impact enhances reputation of banks in Kerala.
- Majority of the respondents have the opinion that the relationship between the presence of the banking ombudsman scheme and its impact enhances the reputation of banks in Kerala.

Suggestions

Based on the findings it is recommended that there exists a need to

change the policy and communication strategies among the banking sector for the matters concerned with customers complaint resolution. And also, it should have a requirement to improve the awareness and education among both the customers and employees in the banking sector about the Banking Ombudsman Scheme and its functioning. It is required to provide more transparency in resolving disputes of banking ombudsman services. A suggestion cum compliant box should be kept in each and every bank in order to collect the feedback of customers and it will help to increase the efficiency and performance among the banking sector.

Conclusion

In conclusion, the survey-based research on “A study on the perception of customers towards banking ombudsman scheme in Kerala” has provided valuable insights into the factors influencing customer behaviour in the context. The research exposed a strong correlation between customer perception and utilisation of banking ombudsman schemes, indicating that higher perception is linked to increased utilization of the complaint resolution mechanism. However, customer awareness of this scheme did not show a significant impact on their utilization. Moreover, the study did not find evidence in supporting the moderating role of customer satisfaction or the mediating function of approaches rationale in the connection between consumer awareness and use.

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