

# CUSTOMERS' COMPLAINTS AGAINST SERVICES OF INDIAN COMMERCIAL BANKS IN INDIA

**Dr. V. SIVAKUMAR**

Assistant Professor of Commerce  
Thiru. Vi. Ka. Government Arts College  
Thiruvarur - 610 003, Tamil Nadu

## Abstract

Customer service is a dynamic interactive process which needs continuous improvement. It is a challenging tasks for banks to deliver improved and efficient customer service, which give access to un-banked customers. This task can partly be achieved by leveraging appropriate technology. Customer satisfaction can be measured in term of complaints received on the bank services. An increase in complaints indicates dissatisfaction of the customer towards the banking services. Banks have to focus on technological and fair practice code to render better service to customer.

**Key words:** Banking services, customer satisfaction, service quality, customer compliant, banking ombudsmen, etc.

## 1. Introduction

Service is an intangible thing which is essential for the banking industry. An efficient service is one which is extended appropriately by identifying and understanding the needs of the customer from time to time. Advancement of information technology and communication system, which make the whole world into a global village. Rapid change in technology, competition and more demanding customers, which lead to new set of challenges faced by banks. It is a challenging task for banks to deliver improved customer service, which give access to un-banked customers. This task can partly be achieved by leveraging appropriate technology. Therefore, RBI insisting on technology for faster and convenient way of various delivery channels by banks. During the last decade, banks have undergone for technology up-gradation and migrated to core banking solutions. Does the technology adopted have improves the speed, efficiency and quality of banking service? To address the above problem, number of customer complaints and its nature are to be examined towards banks. Understanding the importance of banking service, RBI has setup a separate customer service department in 2006 and also established banking ombudsmen offices in 15 major cities and 5 offices started in 2016. Twenty banking ombudsmen offices has been an effective for redressing complaints received from customers.

## 2. Objective of the study

To study the customer complaints towards services of the commercial banks in India.

### 3. Methodology

The study is based on secondary data. It was collected from Report on Trend and Progress of Banking in India published by Reserve Bank of India. The study covered the period of 5 years from 2012-13 to 2016-17.

### 4. Data analysis

Percentage analysis was applied to analyse and compare the trends in various banks and banking ombudsman offices.

### 5. Results and discussion

Complaints received from Ombudsman offices situated in 20 major banking centres shown in Table 1. There is a surge of 86% in complaints received from 2012-13 to 2016-17. New Delhi and Mumbai centres are having more than 10% of complaints received for the past five years. From 2012-13 to 2014-15, complaints received have been increased by 10% to the previous year from 70541 to 85131. Complaints received have been hiked by 20 % to the previous year from 85131 to 130987 during the year from 2014-15 to 2016-17. There is a major hike of complaints received in metropolitan region except Chennai and Kolkata. Among the banking ombudsman office, New Delhi leads in increase of complaints received nearly by 170% (from 9444 to 24837). Bhopal and Kanpur which reported decrease in the percentage of complaints, however there was continuous increase in number of complaints in Mumbai, New Delhi, Patna and Thiruvananthapuram. From Table 1, it can be concluded that awareness level of customer has been raised about existences of ombudsmen office and banks improve their service quality by reduction of number of complaints in future.

**TABLE 1**  
**Complaints Received at Banking Ombudsman Offices**

Place	2012-13	2013-14	2014-15	2015-16	2016-17
Ahmadabad	4838 (6.86)	4588 (5.99)	4,965 (5.83)	5,909 (5.74)	9,552 (7.29)
Bengaluru	3318 (4.70)	4101 (5.36)	4,610 (5.42)	5,119 (4.98)	7,042 (5.38)
Bhopal	4920 (6.97)	4907 (6.41)	5,451 (6.40)	5,748 (5.59)	5,671 (4.33)
Bhubaneswar	1523 (2.16)	1498 (1.96)	2,448 (2.88)	3,050 (2.96)	2,582 (1.97)
Chandigarh	3094 (4.39)	3162 (4.13)	3,131 (3.68)	4,571 (4.44)	8,189 (6.25)
Chennai	7255 (10.28)	8775 (11.46)	8,285 (9.73)	8,645 (8.40)	9,007 (6.88)
Guwahati	807 (1.14)	770 (1.01)	1,054 (1.24)	1,328 (1.29)	1,569 (1.20)
Hyderabad	4303 (6.10)	4477 (5.85)	4,366 (5.13)	5,910 (5.74)	6,570 (5.02)

Jaipur	4099 (5.81)	4104 (5.36)	4,088 (4.80)	4,664 (4.53)	6,740 (5.15)
Kanpur	9012 (12.78)	8389 (10.96)	8,818 (10.36)	9,621 (9.35)	8,150 (6.22)
Kolkata	4388 (6.22)	4698 (6.14)	5,277 (6.20)	4,846 (4.71)	7,834 (5.98)
Mumbai	8607 (12.20)	9965 (13.01)	10,446 (12.27)	12,333 (11.99)	16,299 (12.44)
New Delhi	9444 (13.39)	11045 (14.42)	14,712 (17.28)	22,554 (21.92)	24,837 (18.96)
Patna	2785 (3.95)	3253 (4.25)	4,456 (5.23)	5,003 (4.86)	6,225 (4.75)
Thiruvananthapuram	2148 (3.05)	2841 (3.71)	3,024 (3.55)	3,593 (3.49)	3,855 (2.94)
New Delhi-II					4,935 (3.77)
Dehradun *					948 (0.72)
Ranchi *					715 (0.55)
Raipur*					237 (0.18)
Jammu*					30 (0.02)
Total	70541 (100)	76573 (100)	85,131 (100)	1,02,894 (100)	1,30,987 (100)

**Note:** Figures in parentheses indicate percentage.

**Source:** Report on Trend and Progress of Banking in India

**TABLE 2**

**Bank Group-wise Complaints Received at Banking Ombudsman Offices**

Bank Group	2012-13	2013-14	2014-15	2015-16	2016-17
Nationalized Banks	21609 (30.63)	24391 (31.85)	28,891 (33.94)	35,447 (34.45)	45,364 (34.63)
SBI & Associates	23134 (32.80)	24367 (31.82)	26,529 (31.16)	29,585 (28.75)	35,950 (27.45)
Private Sector Banks	15653 (22.19)	17030 (22.24)	19,773 (23.23)	26,931 (26.17)	35,080 (26.78)
Foreign Banks	4859 (6.89)	5016 (6.55)	3,406 (4.00)	3,413 (3.32)	3,284 (2.51)
RRBs/ Scheduled Primary Urban Co. op Banks	1489 (2.11)	1590 (2.08)	1,966 (2.31)	2,293 (2.23)	2,481 (1.89)
Others	3797 (5.38)	4179 (5.46)	4,566 (5.36)	5,225 (5.08)	8,828 (6.74)
Total	70541 (100)	76573 (100)	85,131 (100)	1,02,894 (100)	1,30,987 (100)

**Note:** Figures in parentheses indicate percentage.

**Source:** Report on Trend and Progress of Banking in India

Table 2 displays the number of complaints against bank group-wise. In last 5 years, nationalised banks had highest number of complaints among the other groups. Private sector banks have high complaints per branch. Among the group, foreign banks have decreased from 6.89% to 2.5% of complaints received comparing the year from 2012-13 to 2016-17. Others stand in 2<sup>nd</sup> position in increase

of complaints. It concludes that foreign banks make necessary effort to improve their customer service. SBI groups and nationalised banks have increase the complaints received, which is highest among the bank group-wise. It shows that the quality of service rendered to customers is poor.

Table 3 demonstrates the nature of complaints in accordance with bank services. High percentage of complaints received by banks for failure to meet commitments /non observance of Fair Practice Code/BCSBI Codes averaged by 29% for the past five years and followed by ATM/credit/debit cards complaint stands at averaged by 22% of the total complaints received. Complaints against loans and advances and pension payment are reduced from 8.5% to 4.24% and 8.14% to 6.49% respectively. Failure to meet commitments /non observance of Fair Practice Code/BCSBI Codes is the major complaint persists in all banking services. So the banks should concentrate on this issue to improve the customer service. Cards related complaints prevails a significant place in nature of complaints received by banks.

**TABLE 3**  
**Nature of Complaints in Banking Ombudsman Offices**

Nature of Complaints	2012-13	2014-15	2014-15	2015-16	2016-17
Card related (ATM/ Debit / Credit)	17867	18474	18123	21821	24731
	(25.33)	(24.13)	(21.29)	(21.21)	(18.88)
Deposit accounts	3913	4032	4661	5046	7190
	(5.55)	(5.27)	(5.48)	(4.90)	(5.49)
DSAs and recovery agents	351	295	347	357	330
	(0.50)	(0.39)	(0.41)	(0.35)	(0.25)
Failure to meet commitments /Non observance of Fair Practice Code/BCSBI Codes	18130	20368	24850	34928	44379
	(25.70)	(26.60)	(29.19)	(33.95)	(33.88)
Levy of charges without prior notice	3817	4547	5510	5705	7273
	(5.41)	(5.94)	(6.47)	(5.54)	(5.55)
Loans and advances	5996	5655	4846	5399	5559
	(8.50)	(7.39)	(5.69)	(5.25)	(4.24)
Notes and coins	56	63	61	63	333
	(0.08)	(0.08)	(0.07)	(0.06)	(0.25)
Others	8635	9861	14482	16988	23169
	(12.24)	(12.88)	(17.01)	(16.51)	(17.69)
Out of subject	3372	4064	3774	3751	6230
	(4.78)	(5.31)	(4.43)	(3.65)	(4.76)
Pension payments	5740	6555	5777	6342	8506
	(8.14)	(8.56)	(6.79)	(6.16)	(6.49)
Remittances	2664	2659	2700	2494	3287
	(3.78)	(3.47)	(3.17)	(2.42)	(2.51)
Total	70541	76573	85131	102894	130987
	(100)	(100)	(100)	(100)	(100)

**Note:** Figures in parentheses indicate percentage.

**Source:** Report on Trend and Progress of Banking in India

## 6. Conclusion

Customer satisfaction is an integral element in inculcating trust among the common people on the banking sector, which may also facilitate financial inclusion in the medium to long-term. Customer satisfaction can be measured in term of complaints received on the bank services. An increase in complaints indicates dissatisfaction of the customer towards the banking services. Moreover, it is easy to identify the lacing area of banking services. Failure to meet commitments /non observance of fair practice code and ATM/credit/debit cards are the major nature of complaint persists in all bank groups. Banks have to focus on technological and fair practice code to render better service to customer.

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