

# ANALYTICS ON PENDING COMPLAINTS AT BANKING OMBUDSMAN OFFICES:

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## ABSTRACT:-

Banking Ombudsman Offices receive complaints from the bank customers of which some complaints remain pending at the end of the year, the reason being delay in the submission of the detailed information through supportive evidence either by the Bankers or the Customers to the Banking Ombudsman Office. The Banking Ombudsman has given the grounds of the complaints and if it's beyond the grounds filed by the customers then their complaints get rejected. The complaints get rejected even if the customers approach the RBI directly without approaching the respective banks. In this paper the analysis of complaints pending and the percentage increase/decrease in the complaints pending are done and found that the received complaints are high and it's on increasing trend while the pending complaints are low and it is on the decreasing trend.

**KEYWORDS:** BANKING, OMBUDSMAN, COMPLAINTS, RECEIVED, PENDING.

## Introduction:-

Banking institutions being the largest financial institution of the country has huge customers providing core financial services. Sometimes they have huge issues of the customers. When the bankers were not providing the solution to the customers issues and the time when the grievances started rising, RBI was in dire need to establish a separate cell for the customers to solve their issues, through the recommendation of Narasimham committee, Banking Ombudsman Scheme was introduced by the RBI to redress the grievances of bank customers in India.

Most of the complaints which are provided by the customers are handled by the Ombudsman Cell, but there are few complaints which are pending annually. The complaints can be solved by the Banking Ombudsman only if it is based on the grounds of the complaints provided by the RBI. Banking Ombudsman would not accept the complaints if it is not as per the grounds given by the RBI. The Ombudsman will also not accept the complaint if it is provided by the customers directly to the RBI without giving prior notice to the respective banks in advance.

As per the rules given by the RBI, the Customers are first suppose to approach the respective banks regarding the issue and if the customers are not satisfied with the services provided by the banks, the customers can approach the Banking Ombudsman only after one month and within one year from the date of the complaints.

The pending complaints may be due to the different reasons, most of the complaints would be dealt within one month and the remaining complaints will be dealt within three months. As per the analysis of the period of pending complaints, it is noticed that the complaints which are pending within one month are highest among all the complaints and as the days go by the pending complaints are decreased, by the end of the third month it is either nil or the complaints become very few.

### OBJECTIVES OF THE STUDY:-

- To analyse the number of complaints pending at the end of each year.
- To study the percentage increase/decrease of pending complaints at the Banking Ombudsman Offices.

### HYPOTHESIS FOR THE STUDY:

- **H1:** There is no significant difference between Numbers of cases pending in Banking Ombudsman scheme.
- **H2:** There is significant difference between Numbers of cases pending in Banking ombudsman scheme.

### LITERATURE REVIEW:-

**S. Gousia (Dec 2013):** has studied about the banking ombudsman scheme as a part of customer protection in banking services in India and addresses that there has been absence of legislation in the field of consumer protection in banking services. His article aimed to study on mode wise complaints, disposal and rejection of complaints, he tells that in order to make banking ombudsman effective, it is now being made fully staffed and funded by the RBI. He finally concludes his article by saying that the banking ombudsman scheme has been achieving a greater heights and also suggests that many more can be achieved through better corporate governance in banking sector and by providing education to the customers and further tells that with the help of education the biggest stakeholders i.e., the customers interest of the banks can be safeguarded.

**Priya Nair (Jan 2013):** in her article tells that during 2011-12 most of the complaints were related with the failure to meet commitments or not following the banking code or fair practices code which was followed by the credit/debit card and deposit accounts. She further tells that the impending review of the scheme might seek to introduce the time frame for the scheme to resolve the customer's complaints. In her article she has noted that the Damodaran committee on customer service has asked to strengthen internal ombudsman scheme during further revision so that RBI can act as an appellate authority. She finally suggests that if the banks want to resolve the complaints without approaching the ombudsman, then they should do it proactively and not wait for customers to lodge a complaint. Thus the time frame would help the customers.

**Vijay C Roy (Aug 2013):** in his article depicts that the complaints relating to the ATM and debit card failed transactions tops the list and that the complaint has increased compared to the previous year. He also tells that majority of the complaints about 50% were approached directly to the ombudsman without lodging prior to banks, so, these were send back for resolution advising the customers to approach the bank and then if they don't get reply within a month or if they are not satisfied with the reply of bank, they could approach ombudsman again. He finally addresses about the complaints and says that SBI and its associate's tops the list followed by nationalised banks, new private sector banks and then foreign banks and also tells that

Punjab tops the list of complaints received followed by Himachal Pradesh and Chandigarh, which shows no change in the pattern of region.

**Debashis Basu (Jan 2014):** in his articles opined that the scope of banking ombudsman scheme is moving very slow and tells that for electronic fraud cases the banks should be responsible for unauthorised transactions even if their suspicion is on their own employees. She also addresses that till now the banks are showing strange rule that, though it is the custodian of money, it is not responsible for loss. He advises in his article that if there is a violation of BCSBI code then it would be a cause to complain to the ombudsman but tells that even the ombudsman has suffered from many limitation it even cannot decide on the complaints involving more than 10 lakhs. He finally concludes his article saying that the rejection of complaints by the banking ombudsman is on rising trend, this would be with two reasons. One is customers have not been informed about the narrow scope of ombudsman or it might also be that RBI is insensitive in expanding the nature of banking complaints.

**Abhay Rao (Aug 2011):** in his article points that most of the complainants approach the banking ombudsman first without informing the banks and this is considered as 'first resort' which is not entertained by the banking ombudsman office and also tells that the banks may also be blamed for it, since they display the contact details of both banks nodal office and banking ombudsman for customers benefits without mentioning whom to contact first and how. He finally tells that the decision given by the banking ombudsman is not law as it has no judicial. And if it is with cheque bounce issues the options would be a consumer court, civil court or even the criminal court, and the banking ombudsman cannot be approached if these forums have been already approached. He also says that if the amount is less than 10 lakhs only the banking ombudsman can be approached otherwise it cannot be approached.

**Manish Chauhan (April 2011)** in his article had studied about the banking ombudsman and felt that it would be beneficial for the customers if they are frustrated with the quality of services rendered by the banks. He also addresses that banking ombudsman today covers almost all kinds of complaints and it was last revised in Feb. 2009 to cover even the deficiencies arising out of internet banking. He says that the best part of it is if a common man faces mental agony then he/she can claim compensation up to 1 lakh and thus many readers had felt it to be useful for them to approach the banking ombudsman. He finally concludes his article stating that just because the banks are bigger in size, they cannot go beyond the guidelines and the customers have to be treated sociable.

#### ANALYSIS OF THE STUDY:-

The Banking Ombudsman Office receives complaints given by the customers, the complaints received by the Ombudsman have kept rising yearly, out of the complaints received most of the complaints were pending mainly because of the insufficient information given from the customers and delay in providing proper and detailed evidence either by the bankers or the customers, thus the analysis was done to see the how many complaints are still pending and to check is there an increasing or decreasing trend in the percentage of pending complaints.

**TABLE 1**

#### COMPLAINTS RECEIVED AND COMPLAINTS PENDING:

| YEAR    | RECEIVED | PENDING | PERCENTAGE PENDING |
|---------|----------|---------|--------------------|
| 2006-07 | 38,638   | 7,105   | 18.39              |
| 2007-08 | 47,887   | 5,872   | 12.26              |
| 2008-09 | 69,117   | 9,433   | 13.64              |
| 2009-10 | 79,266   | 5,364   | 6.76               |

|         |          |        |      |
|---------|----------|--------|------|
| 2010-11 | 71,274   | 4,617  | 6.48 |
| 2011-12 | 72,884   | 4,642  | 6.37 |
| 2012-13 | 70,541   | 5,479  | 7.77 |
| 2013-14 | 76,573   | 3,307  | 4.32 |
| 2014-15 | 85,131   | 3,778  | 4.44 |
| 2015-16 | 1,02,894 | 5,524  | 5.37 |
| 2016-17 | 1,30,987 | 11,192 | 8.54 |
| 2017-18 | 1,63,590 | 6,182  | 3.77 |

**Source: Compiled from the annual reports of Banking Ombudsman Scheme from 2006-07 till 2017-18.**

From the above table it can be analysed that the number of complaints received have kept increasing, in the year 2006-2007 it was 38,638 it kept on rising as the year goes with a little fluctuations in the middle and had kept continuously increasing till the year 2014-2015 which is 85,131. When we see the complaints pending the percentage is highest in the beginning itself, it is 18.39 in the year 2006-07 and the pending complaints have kept decreasing except in the year 2008-09 and 2012-13. It is 4.44% in the year 2014-15. It has stood 5.37% in the year 2015-16 and 8.54% in the year 2016-17, the pending complaints have come down to 3.77% in the year 2017-18.

**TABLE 2: DETAILS OF THE NUMBER OF CASES PENDING IN THE BANKING OMBUDSMAN OFFICES AT THE END OF THE YEAR**

| Year/Period of Pending | Upto 1 month | 1-2 months | 2-3 months | More than 3 months |
|------------------------|--------------|------------|------------|--------------------|
| 2006-07                | 2262         | 1936       | 943        | 1964               |
| 2007-08                | 2712         | 1394       | 861        | 925                |
| 2008-09                | 5041         | 2751       | 956        | 685                |
| 2009-10                | 2788         | 1526       | 808        | 242                |
| 2010-11                | 2888         | 1397       | 297        | 35                 |
| 2011-12                | 2701         | 1655       | 277        | 9                  |
| 2012-13                | 3281         | 1675       | 492        | 31                 |
| 2013-14                | 2432         | 838        | 36         | 1                  |
| 2014-15                | 2375         | 1207       | 105        | 91                 |
| 2015-16                | 3136         | 1675       | 481        | 232                |
| 2016-17                | 4517         | 3185       | 1363       | 2150               |
| 2017-18                | 2584         | 2140       | 871        | 587                |

**Source: Compiled from the annual reports of Banking Ombudsman Scheme**

From the above table it is found that the number of cases pending in the Banking Ombudsman Scheme at the offices of banking ombudsman scheme at the end of the year shows that upto 1 month there are maximum number of cases pending but gradually it is in decreasing trend, the complaints pending are solved maximum by the end of 3<sup>rd</sup> months, the pending complaints remaining for more than 3 months remains least in almost all the years except in the year 2006-07 and 2016-17.

**Descriptive Statistics:-**

**PENDING**

|                   | N  | Mean      | Std. Deviation | Std. Error | 95% Confidence Interval for Mean |             | Minimum | Maximum |
|-------------------|----|-----------|----------------|------------|----------------------------------|-------------|---------|---------|
|                   |    |           |                |            | Lower Bound                      | Upper Bound |         |         |
| Upto 1 month      | 11 | 3102.4545 | 889.86059      | 268.30306  | 2504.6381                        | 3700.2710   | 2262.00 | 5041.00 |
| 1-2 month         | 11 | 1748.6364 | 673.25527      | 202.99410  | 1296.3373                        | 2200.9354   | 838.00  | 3181.00 |
| 2-3 month         | 11 | 601.5455  | 414.72265      | 125.04358  | 322.9310                         | 880.1599    | 36.00   | 1361.00 |
| More than 3 month | 11 | 577.6364  | 788.04204      | 237.60361  | 48.2225                          | 1107.0502   | 1.00    | 2139.00 |
| Total             | 44 | 1507.5682 | 1253.30253     | 188.94247  | 1126.5294                        | 1888.6070   | 1.00    | 5041.00 |

From the Descriptive Statistics it is found that the average (i.e., mean) is highest in the first month, upto 1-2 month it has almost reduced to half, from 2-3 month and more than 3 months the pending complaints have kept decreasing. The deviation is greater for upto 1 month and it is least for 2-3 months. The STD error is also greater for the complaints pending upto 1 month and it is least for the complaints pending for 2-3 months.

### ANOVA

#### PENDING

|                | Sum of Squares | df | Mean Square  | F      | Sig. |
|----------------|----------------|----|--------------|--------|------|
| Between Groups | 47161694.250   | 3  | 15720564.750 | 30.853 | .000 |
| Within Groups  | 20381296.545   | 40 | 509532.414   |        |      |
| Total          | 67542990.795   | 43 |              |        |      |

The ANOVA test for Pending complaints received during the period of study found that calculated F statistics value of 30.853 is greater than the table value of 3.24 at 5 % level of significance. Results of our ANOVA analysis supports the alternative hypothesis that there is significant difference in Number of cases pending in banking ombudsman scheme.

**TABLE 3: PERCENTAGE TO TOTAL COMPLAINTS PENDING IN THE BANKING OMBUDSMAN OFFICES AT THE END OF THE YEAR**

| Period of | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|           |         |         |         |         |         |         |         |         |         |         |         |         |



| Pending           |     |     |     |     |     |     |     |     |     |     |     |     |
|-------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Upto 1 month      | 32% | 46% | 54% | 52% | 63% | 58% | 60% | 74% | 63% | 57% | 40% | 42% |
| 1-2 month         | 27% | 24% | 29% | 28% | 30% | 36% | 31% | 25% | 32% | 30% | 29% | 34% |
| 2-3 month         | 13% | 15% | 10% | 15% | 6%  | 6%  | 8%  | 1%  | 3%  | 9%  | 12% | 15% |
| More than 3 month | 28% | 15% | 7%  | 5%  | 1%  | 0%  | 1%  | 0%  | 2%  | 4%  | 19% | 9%  |

Source: Calculated from the previous table (Table-2)

From the above table it is found that the percentage of complaints pending upto one month is considerably higher than that of 1-2 months and above. Out of the total pending complaints upto 1 month the percentage is higher in the year 2013-14 which is 74%. The total complaints pending from 1-2 months is highest in the year 2011-12 which is 36%. And in the pending complaints which are ranging between 2-3 months has highest percent of 15% while more than 3 months pending complaints are very less the highest in 2006-07 i.e, 28% and the least being nil in the year 2001-12 and 2013-14.

#### FINDINGS OF THE STUDY:-

1. The study found that the pending complaints keep fluctuating from one year to another and the RBI is trying to reduce the pending complaints at the most possible.
2. The study found that the pending complaints are highest in the year 2016-17 and the lowest in the year 2013-14.
3. The study under the descriptive statistics found that the mean is highest for upto One months of pending complaints, it stands at 3102.4545 and it is lowest for 2-3 months being 601.5455.
4. This study also found that the deviation is highest for the pending complaints upto one months i.e, 889.86 and it stands lowest for 2-3 months.
5. From the Analysis of the variance of the study, the calculated F value is found to be 30.853 which is greater than the table value of 3.24 at 5% level of significance, thus the alternative hypothesis gets accepted.
6. From the study it was found that the percentage of total pending complaints stood maximum for upto 1 month and later it has started declining gradually.

#### CONCLUSION:-

The study was mainly done to analyse the pending complaints at the banking ombudsman scheme. It can be concluded from the study that the pending complaints are at the maximum for upto one months and later it has kept decreasing, the RBI has taken steps to solve the pending complaints by the sooner possible so that it does not exceed for more than 3 months. The averages and the deviations have also stood higher in the first months later it started declining. The ANOVA table supports the alternative hypothesis, thus it can be said that there is a significance difference in the number of complaints pending at the banking ombudsman offices. From the overall study it can be concluded that the RBI has taken measures to reduce the number of

complaints pending, and it is trying to solve the grievances as earlier as possible so as to help the customers maintain faith in the RBI redressal procedure.

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