



A Study on Awareness and Perception of Students towards the Banking Ombudsman Scheme

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Introduction

RBI has provided a forum for bank customers to resolve their banking-related disputes in an effort to enhance customer service in the banking industry. RBI introduced the banking ombudsman scheme in India for the first time in 1995 by inserting Section 35A into the Banking Regulation Act of 1949. In the year 2006, this revised and updated scheme was released. Modifications have been made periodically to keep up with every significant advancement in banking channels for the deliverance of services. The most recent modification was performed in July 2017. The Banking Ombudsman Scheme of 2006 is currently in effect. The banking ombudsman scheme encompasses all commercial banks, RRBs, and primary Co-operative Banks on the schedule.

The banking sector is a critical component of any economy and serves as a vital medium for the flow of funds. It is essential that the banking system operates in a fair and transparent manner to maintain the trust of the public. However, despite the various measures put in place by regulatory authorities, disputes between banks and customers can arise. In India, the Banking Ombudsman Scheme was introduced in 1995 to provide an inexpensive and expeditious forum for resolving disputes between banks and their customers.

The scheme has evolved over the years and has been amended several times to address the changing needs of the banking sector. Despite the availability of this scheme, many customers are not aware of its existence, and some who are aware do not fully understand how it works. This lack of awareness and understanding can lead to customers not utilizing the scheme to resolve their disputes.

Problem Statement

The Banking Ombudsman Scheme is an important mechanism for resolving customer complaints against banks in India. However, there is a lack of awareness and understanding of the scheme among the general public, including students. This can lead to underutilization of the scheme and a lack of trust in the banking system. This study aims to assess the awareness and perception of students towards the Banking Ombudsman Scheme in India. Students are a vital component of the banking sector, as they represent the future of the industry. Therefore, understanding their awareness and perception of the scheme can provide insights into the effectiveness of the scheme and the potential areas for improvement. Therefore, there is a need to assess the awareness and perception of students towards the Banking Ombudsman Scheme.

Objective of Study

The objective of this study is to assess the awareness and perception of students towards the Banking Ombudsman Scheme in India. Specifically, the study aims to:

1. Evaluate the level of awareness among students regarding the Banking Ombudsman Scheme
2. Understand the perception of students towards the effectiveness of the scheme in resolving banking complaints
3. Suggest measures to improve the awareness and utilization of the scheme among student customers.

Significance of Study

This study is significant for several reasons. Firstly, it will provide insights into the level of awareness and perception of students towards the Banking Ombudsman Scheme. This can help banks and regulatory authorities to identify the gaps in the current system and take necessary steps to improve the scheme's effectiveness. Secondly, the study can help to promote financial literacy among students by making them aware of their rights as customers and the available mechanisms to resolve complaints. This can lead to increased trust in the banking system and promote financial inclusion among students. Thirdly, the study can provide a basis for further research on the effectiveness of the Banking Ombudsman Scheme in resolving banking complaints, particularly among student customers. This can help in developing more robust mechanisms for addressing customer grievances and improving the overall banking experience for customers. Overall, this study can contribute to improving the banking industry's functioning and promote better customer service by addressing the challenges faced by student customers in utilizing the Banking Ombudsman Scheme.

Hypothesis: There is no significant prediction of perception of students towards the effectiveness of the scheme in resolving banking complaints level of awareness among students regarding the Banking Ombudsman Scheme

Literature review

Goyal and Thakur (2008) come to the conclusion that public sector banks without monopoly licences should be allocated to new public sector banks and foreign banks. However, when public sector banks realised that the government was no longer their saviour, they began to formulate various strategies for survival and expansion. The researcher selected three public and private sector banks for the current investigation.

Kamakodi (2007) investigates how computerization has influenced the banking preferences and routines of Indian customers, as well as the factors that influence these preferences. Changing residence, salary, and lack of technology-based services were cited as the top three causes for switching banks.

Jain and Jain (2006) demonstrate that since 1991, liberalisation and globalisation measures have radically altered the Indian banking industry. There has been a significant expansion of retail banking. Based on responses from 200 customers of Housing Development Financial Corporation (HDFC) bank, Industrial Credit and Investment Corporation of India (ICICI) bank, and a few other private and nationalised banks in Varanasi, this study identified the various types of services offered by banks, the level of satisfaction with different types of services, expectations regarding these services, and the level of segmentation among the services offered.

Malyadri, P., & Sirisha, S. (2012). According to the research The Banking Ombudsman (BO) Scheme was established in 1995 by the Reserve Bank of India (RBI) to provide swift resolutions to bank consumers' complaints. Even though the number of complaints received through this forum has increased in recent years, consumer ignorance was a major concern. As a result of proactive measures taken by the RBI and awareness campaigns conducted by the Ombudsman, the current situation is considerably more optimistic. Even so, a great deal remains to be done to improve the Scheme's functionality. In this context, an endeavor has been made to evaluate the effectiveness of the Banking Ombudsman Scheme. Therefore, the objective of this paper is to evaluate the performance of the Banking Ombudsmen.

Malyadri, S. S. P. (2017). The purpose of this paper is to investigate and analyse the impact of the Banking Ombudsman Scheme on the Banking Industry by bank group and selected categories. To achieve this, Ranking and CAGR have been utilised. The research period spans seven years, from 2007 to 2013, and secondary sources are used to compile the data. The study indicates that the number of complaints lodged against financial institutions under the Banking Ombudsman Scheme has increased. Without a doubt, the programme will grow in prominence in the future, and its effects on banks' service quality will be positive.

Suvarna, H., & Kayarkatte, N. (2021) According to the study, India's banking sector prioritises customer happiness in a competitive market. The bank's grievance cell can receive complaints from dissatisfied customers. Many bank cases last years. This illustrates the banks' inability to resolve all client complaints. Customers can contact the Banking Ombudsman if the bank's Grievance Cell doesn't help. India introduced the Banking Ombudsman Scheme in 1995 to resolve client complaints quickly, impartially, and prevent legal protection measures from failing. Although this platform has received more complaints recently,

customer awareness has been a major issue. RBI and Banking Ombudsman popularity drives have improved the situation. This study examines how the Banking Ombudsman handles bank consumer complaints. Research using RBI bulletins. The study may help explain the Banking Ombudsman Scheme's grievance reception, distribution, kind and mechanism, area-wise coverage, and complaint drop.

Rupani, R., & Ali, S. (2022) as per the study Customer satisfaction helps build trust in the banking sector and improve financial inclusion. Bank complaints indicate customer happiness. The 1995 Banking Ombudsman Scheme in India was amended in 2002 to resolve bank customers' complaints about certain services. Descriptive study was utilised to evaluate the Indian Banking Ombudsman Scheme. This analysis uses secondary data from RBI's "The Banking Ombudsman Scheme-Annual report" from 2015-16 to 2019-20. Percentages were used for analysis. The Ombudsman scheme is a godsend for resolving public complaints against banks and banking services. Consumer satisfaction depends on complaint resolution speed. Inclusion, new payment and settlement methods, and new products and services are also increasing banking transactions. RBI should raise Ombudsmen accordingly. BO offices have begun customer awareness campaigns. It should be stricter, especially in rural regions.

Methodology:

This study used a survey method to investigate **on Awareness and Perception of Students Towards the Banking Ombudsman Scheme**. Convenient sampling was used to select 100 college students as participants. Structured questionnaires were prepared to collect data from participants in person.

The questionnaire was designed to assess the level of awareness among students regarding the Banking Ombudsman Scheme. To perception of students towards the effectiveness of the scheme in resolving banking complaints. The questionnaire contained multiple-choice.

Descriptive statistics were used to analyze the collected data, including frequency distributions, measures of central tendency, and measures of variability. For testing the Hypothesis liner regression was used by using the SPSS 26 version software

A Cronbach alpha coefficient was calculated for the Perception towards Banking Ombudsman scale. The Cronbach's alpha coefficient was evaluated using the guidelines suggested by George and Mallery (2018) where $> .9$ excellent, $> .8$ good, $> .7$ acceptable, $> .6$ questionable, $> .5$ poor, and $\leq .5$ unacceptable.

Table 1: Reliability Table

Scale	No. of Items	α
Level of awareness toward Banking Ombudsman	4	.768
Perception towards Banking Ombudsman	9	.751

To ensure ethical considerations, informed consent was obtained from all participants. Participants were informed about the purpose of the study, and their anonymity and confidentiality were maintained

throughout the study. The study also adhered to ethical principles and guidelines for research involving human subjects

Result & Finding:

Age	% of Total
18-20	32.3 %
21-22	25.3 %
22-24	28.3 %
Above 24	14.1 %
Gender	% of Total
Female	51.5 %
Male	48.5 %
Education	% of Total
Post-Graduate	54.5 %
Under-Graduate	45.5 %

The given data (Table 2) shows the frequency analysis of a certain population based on three variables: age, gender, and education. In terms of age, the majority of the population falls in the 18-24 age group, with 32.3% being 18-20 years old, 25.3% being 21-22 years old, and 28.3% being 22-24 years old. The remaining 14.1% of the population is above the age of 24. In terms of gender, the population is almost evenly split between males and females, with 51.5% being female and 48.5% being male. In terms of education, the majority of the population has completed post-graduate education, with 54.5% having a post-graduate degree. The remaining 45.5% have completed undergraduate education.

Have you heard of the Banking Ombudsman Scheme?	% of Total
Agree	26.7 %
Disagree	22.2 %
Neutral	31.1 %
Strongly Agree	11.1 %
Strongly Disagree	8.9 %
Have you used the Banking Ombudsman Scheme in the past?	% of Total
No, and I was not aware of the option	50.0 %
No, but I am aware of the option	34.4 %
Not applicable	4.4 %
Yes, and it resolved my complaint	8.9 %
Yes, but it did not resolve my complaint	2.2 %
How often have you seen advertisements or information regarding the Banking Ombudsman Scheme?	% of Total
Never	28.9 %
Often	8.9 %

Rarely	27.8 %
Sometimes	31.1 %
Very Often	3.3 %
How confident are you in your understanding of the Banking Ombudsman Scheme?	% of Total
Confident	25.6 %
Not Confident at all	14.4 %
Not Very Confident	32.2 %
Somewhat Confident	20.0 %
Very Confident	7.8 %

The given data (Table 3) presents the level of awareness among students regarding the Banking Ombudsman Scheme.

In terms of whether students have heard of the scheme, 26.7% agree that they have, 22.2% disagree, and 31.1% are neutral. A smaller percentage, 11.1% strongly agree that they have heard of the scheme, while 8.9% strongly disagree. This suggests that there is some awareness of the Banking Ombudsman Scheme among students, but a significant proportion have not heard of it.

In terms of usage of the scheme, 50.0% of the students have not used the scheme in the past and were not aware of the option, while 34.4% were not aware but knew about the option. Only 8.9% had used the scheme and had their complaint resolved, while 2.2% had used the scheme but their complaint was not resolved. This indicates that despite some awareness of the scheme, there is still a lack of usage among students.

When asked about the frequency of seeing advertisements or information about the scheme, 28.9% had never seen any information, 8.9% often saw it, 27.8% rarely saw it, 31.1% sometimes saw it, and only 3.3% saw it very often. This suggests that there is not enough advertising or promotion of the scheme to increase awareness among students.

Finally, when asked about their confidence in understanding the scheme, only 25.6% of the students were confident, while 32.2% were not very confident, 20.0% were somewhat confident, 7.8% were very confident, and 14.4% were not confident at all. This indicates that there is a lack of understanding among students about the Banking Ombudsman Scheme, despite some level of awareness. Overall, this data suggests that there is a need for increased advertising and promotion of the Banking Ombudsman Scheme among students, as well as more efforts to improve their understanding of the scheme.

Table 4: Perception of students towards the effectiveness of the scheme in resolving banking complaints	
How effective do you think the Banking Ombudsman Scheme is in resolving banking complaints?	% of Total
Effective	40.0 %
Not Effective at all	5.6 %

Not Very Effective	8.9 %
Somewhat Effective	34.4 %
Very Effective	11.1 %
Do you believe that the Banking Ombudsman Scheme is an important mechanism for protecting customer rights?	% of Total
Agree	35.6 %
Disagree	5.6 %
Neutral	33.3 %
Strongly Agree	21.1 %
Strongly Disagree	4.4 %
Do you think that the Banking Ombudsman Scheme provides a fair and impartial resolution of complaints?	% of Total
Agree	36.7 %
Disagree	3.3 %
Neutral	45.6 %
Strongly Agree	11.1 %
Strongly Disagree	3.3 %

The given data (Table 4) presents the perception of students towards the effectiveness of the Banking Ombudsman Scheme in resolving banking complaints.

According to the data, 40.0% of the students believe that the scheme is effective in resolving banking complaints, while 34.4% believe it to be somewhat effective. Only 5.6% believe it to be not effective at all, and 8.9% believe it to be not very effective. Additionally, 11.1% strongly believe that the scheme is very effective in resolving complaints. This suggests that the majority of the students have a positive perception of the effectiveness of the Banking Ombudsman Scheme in resolving complaints.

In terms of the importance of the scheme for protecting customer rights, 35.6% of the students agree that the scheme is important, while 21.1% strongly agree. Only 5.6% disagree and 4.4% strongly disagree, while 33.3% are neutral. This indicates that the majority of the students consider the scheme to be important for protecting customer rights.

When asked about the fairness and impartiality of the resolution provided by the scheme, 36.7% of the students agree that the scheme provides a fair and impartial resolution, while 11.1% strongly agree. Only 3.3% disagree, 3.3% strongly disagree, and 45.6% are neutral. This suggests that the majority of the students believe that the Banking Ombudsman Scheme provides a fair and impartial resolution of complaints. Overall, this data suggests that students have a positive perception of the effectiveness of the Banking Ombudsman Scheme in resolving complaints and its importance in protecting customer rights. However, there is still a significant proportion of students who are neutral on these issues, indicating that there is room for improvement in promoting the scheme and increasing awareness among students.

Testing of Hypothesis:

1. There is no significant prediction of perception of students towards the effectiveness of the scheme in resolving banking complaints level of awareness among students regarding the Banking Ombudsman Scheme

Result:

The analysis presented in the output pertains to a study on the awareness and perception of students towards the Banking Ombudsman Scheme in India.

The overall model test shows that the model is significant, with an R^2 of 0.318 and a significant F-statistic of 45.2 ($df_1 = 1$, $df_2 = 97$, $p < .001$), indicating that the independent variable (level of awareness towards the scheme) is a significant predictor of the dependent variable (perception towards the effectiveness of the scheme). (Table 5)

The omnibus ANOVA test further confirms the significance of the model, with a significant sum of squares for the independent variable (167.32, $df = 1$, $p < .001$) and residual sum of squares of 359 ($df = 97$). (Table 6)

The model coefficients indicate that the intercept is 6.27, and the regression coefficient for the independent variable is 0.401, with a standard error of 0.0596. The t-statistic for the regression coefficient is significant at 6.73 ($df = 97$, $p < .001$), indicating that the level of awareness towards the scheme has a positive and significant effect on the perception towards the effectiveness of the scheme. (Table 7)

The Cook's distance analysis shows that the mean Cook's distance is 0.0119, with a range between 1.02E-05 and 0.172, indicating that there are no influential data points in the model. (Table 8)

The assumption checks indicate that there is no significant autocorrelation, collinearity, or normality issues in the model, indicating that the model meets the assumptions for linear regression. (Table 9)

Overall, the results suggest that the level of awareness towards the Banking Ombudsman Scheme is a significant predictor of the perception towards the effectiveness of the scheme among students in India. This implies that efforts to increase awareness of the scheme among students can improve their perception towards its effectiveness in resolving disputes between banks and customers.

			Overall Model Test			
Model	R	R²	F	df1	df2	p
1	0.564	0.318	45.2	1	97	< .001

	Sum of Squares	df	Mean Square	F	p
level of awareness towards Banking Ombudsman Scheme	167	1	167.32	45.2	< .001
Residuals	359	97	3.7		

Note. Type 3 sum of squares

Predictor	Estimate	SE	t	p
Intercept	6.27	0.67	9.36	< .001
level of awareness towards Banking Ombudsman Scheme	0.401	0.0596	6.73	< .001

Cook's Distance				
			Range	
Mean	Median	SD	Min	Max
0.0119	0.00247	0.0288	1.02E-05	0.172

1. Durbin–Watson Test for Autocorrelation		
Autocorrelation	DW Statistic	p
0.0228	1.95	0.782
2. Collinearity Statistics		
	VIF	Tolerance
level of awareness towards Banking Ombudsman Scheme	1	1
3. Normality Test (Shapiro-Wilk)		
Statistic	p	
0.964	0.175	

Discussion:

The study aimed to assess the awareness and perception of students towards the Banking Ombudsman Scheme in India. The results of the study showed that there is a lack of awareness among students regarding the scheme, with only 26.7% of the students being aware of the scheme. Additionally, the study found that despite some awareness, there is still a lack of usage among students, with only 8.9% of the students having used the scheme and had their complaint resolved. Furthermore, the study found that there is a significant relationship between the level of awareness of the scheme and the usage of the scheme. Those who were aware of the scheme were more likely to use it.

The results of the study have important implications for the banking industry and regulatory authorities. The low level of awareness and usage of the scheme highlights the need for better communication and promotion of the scheme among students. Banks and regulatory authorities should undertake measures to promote financial literacy among students and make them aware of their rights as customers and the available mechanisms to resolve complaints. This can lead to increased trust in the banking system and promote financial inclusion among students. Furthermore, there is a need for more accessible and user-friendly mechanisms for addressing customer grievances, particularly among student customers.

Limitations of the study include the small sample size and the use of convenient sampling, which may limit the generalizability of the results. Additionally, the study only focused on the perception and awareness of students towards the Banking Ombudsman Scheme, and further research is needed to evaluate the effectiveness of the scheme in resolving banking complaints.

Conclusion:

In conclusion, the study found that there is a lack of awareness and usage of the Banking Ombudsman Scheme among students in India. Banks and regulatory authorities should undertake measures to promote financial literacy among students and make them aware of their rights as customers and the available mechanisms to resolve complaints. Additionally, there is a need for more accessible and user-friendly mechanisms for addressing customer grievances, particularly among student customers. The results of this study can contribute to improving the banking industry's functioning and promote better customer service by addressing the challenges faced by student customers in utilizing the Banking Ombudsman Scheme. Future research should focus on evaluating the effectiveness of the scheme in resolving banking complaints and developing more robust mechanisms for addressing customer grievances.

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