
A STUDY ON GRIEVANCE REDRESSAL SYSTEM OF BANKS WITH SPECIAL REFERENCE TO AMRAVATI CITY

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ABSTRACT

Banking sector has increased its services to a great extent. This has incredibly expanded its customer base. Thus, there is an addition to the grievances also. After the liberalization banking sector has seen enormous growth. This has resulted in the entry of various players in the market. Banks are trying very hard to make their customers happy and satisfied. This has resulted in an efficient redressal mechanism from the banks. The present study focuses on the grievance redressal system available at the Amravati level. The overall process to solve the complaints of the prescribed area is easy and convenient. Customers remain loyal to their banks as they trust their banks. This trust has been developed as customers' complaints are heard and solved at the earliest.

Keywords: redressal system, grievance, bank ombudsman.

Introduction

For any businessman or service provider grievance is one such word nobody wants to hear. If an immediate solution is provided to the grievances, it will result in a positive outcome otherwise it will create a negative impact on customers. The redressal of the grievance of any customer is pre-requisite for ensuring customer retention and satisfaction. If any service rendered by the customer is not according to the norms, proper manner or on proper time that is the period when grievance occurs most of the time. Spreng, Mackoy (1996) and Brady, Robertson (2001) concluded that service quality is the antecedent of satisfaction. Ruyter et al. (1997) found that quality service is the main factor that affects satisfaction.

Customer Grievance Redressal system's acronym is "CGRS". In 1975 and 1990 according to Talwar committee and Goiporia Committee respectively, Banks were asked to form Customer service committees at their Branch level to solve the problems of customers. But this did not reach the level of improvement as it was expected. This has resulted in the formation of Banking Ombudsman Scheme, 1995 by the Reserve Bank of India to address the redressal grievances against the banks. It is

mandatory for banks to create an internal mechanism as per the guidelines of Banking Ombudsman Scheme. It has provided a strong system for the redressal of grievances to protect the interest of customers.

To attract customers and to increase the level of satisfaction among customers both private and public sector banks are working on their plans and policies. Grievance redressal service improves the internal processes as well as increases the facilities and services provided to the customers by banks. As it helps to solve the problem arrived and also provides a solution for future reference. In the first place, banks try to establish such a strategy where no problem shall arise but even if anything goes wrong it makes sure that the same problem will not occur again

The Reserve Bank of India has played a significant role in the process of implementation and improvement in the redressal of grievances. The consequence of which is better service quality from the banks to the end-users.

An effective working system is one which provides quality service to customers along with that an efficient ground for solving the problems of the customers. Banks will be highly beneficial from this redressal mechanism. They can utilize this

mechanism for enhancing the experience of the end users.

Today in the age of internet and extreme completion it has become very difficult to retain customers' loyalty. In such a case, customer satisfaction is the key to preserving their loyalty. Satisfied customers remain loyal to their service providers. Thus, it is very crucial to find out the factors which lead to customer satisfaction. In the banking sector, the grievance redressal system is a desirable strategy for increasing the level of customer satisfaction.

Customer Satisfaction

Customers are treated as "King" in the business irrespective of the type of business or organization. They are not only considered as King but a King who knows his power. That is to say, they are aware and smart. Customers are the power bearer today. The increase in the level of literacy, awareness and increase in the standard of living has resulted in the overgrowing competition. These aspects are forcing the Banking sector to review its service strategy. Customer today search for value deals, secured transactions, quality services, timely feedback etc. Absence of these basic requirements will create the feeling of dissatisfaction among customers. This may further convert into hatred.

Since the 1970s the concept of customer satisfaction has invited both theorists and practitioners into this stream. Customer satisfaction is an intangible subject. Satisfaction is a combination of gratification, pleasure, or fulfilment of desire. It is a feeling that develops from the fulfilment of needs and desires. It's a concept based on a dual aspect that we get against what we expected to get. The most fascinating thing about satisfaction is that it differs from person to person, product to product and service to service.

As per Oliver, "Satisfaction is the consumer's fulfilment response. A product or service provides a pleasurable level of

consumption related fulfilment, including levels of under or over fulfilment".

With every passing day, intense competition takes place. Thus, it has become prime concern for the institutions to attract and retain customer's attention. To be more productive in the competitive era the main focus of each sector is on the fulfilment of the demand of their customers. Banks are offering promising services to remain in the competition as well as to gain more customers. This will result in the progress of bank.

About Banking Ombudsman Scheme at a glance

The word 'Ombudsman refers to a public representative who is assigned with the responsibility to investigate complaints of the citizen against the Administration. He is to intervene for the ordinary citizens in his dealings with the complex machinery of the establishment.

Reserve Bank of India had introduced the Banking Ombudsman Scheme (BOS) on June 14, 1995, to provide customers an efficient and affordable forum to solve the problems related to inadequacy in the banking sector.

At present, there are 22 Regional offices of Banking Ombudsmen spread across India. The latest offices are opened in Jammu, Raipur, Mumbai II and Delhi III. Any customer, whose problem is not addressed or resolve as per his contentment in the stipulated period of one month, then he can approach the Ombudsman officer, if the complaint is relevant according to the scheme.

Procedure for Redressal of Grievance

A complaint may be verbal or in written form. Typically bank solves a complaint of the customer at a counter level. Trained staff should satisfy the query of the customer by explaining it to him in the simplest way possible in regional language. If the complaint is not solved at the counter level,

then it is addressed to the manager to look after the problem.

A manager takes the complainant to Senior Official if proper counselling is insufficient. If a customer is not happy, then he can write a complaint to the circle officer and asks for a solution to the problem.

In case of a circle, the officer fails to solve the problem, and then it is brought forward to Main Branch Officials. Customers can expedite the complaint to Banking Ombudsman in writing.

Redressing the grievances, a basic need

The review of different researches provides an outline of work done with respect to redressing the grievances. Many studies are conducted in the field of Insurance grievance redressal system, but very few in the case of Banking redressal system in India.

According to Cronin & Taylor (1992) the quality of service and satisfaction level of customer are connected to each other. In their study, they establish a positive relation between quality of service and customer's satisfaction.

According to Kashyap, Rajan & Stein (1999) the service sector contributes most in the total economy of our country. On one side banking sector has a leading role in financial system and on the other hand it fulfils its socio-economic function. It is one of the most crucial fields for the growth and development of the economy. In another study, Sureshchandar et al. (2002) has shown a direct link between quality of service and satisfaction. They approached various factors one by one to establish the relation between quality and satisfaction. The factors which were taken into consideration are services delivered, regularity of service, organized service, human and non-human element towards services. Gupta (2004) has shed light on various areas of ATM crimes and frauds. His study focused on the significance of security arising from card jamming, card

skimming, card swapping, website spoofing, physical attack, etc. he concluded by providing a suggestion that Banks shall conduct security awareness programmes and keep customers updated about security issues and different areas of caution. Debasish (2009) put forth a comparative analysis of quality of any service in commercial banks in Delhi. Private sector banks are leading in providing efficient service than public banks. Public banks covers three-fourth of the banking business still not consider appropriate with regards to the service quality. In the same way, customer satisfaction was analyzed. Uppal (2010) in his research study examined complaints of the customers and suggested various measures to reduce the complaints. Majority of the complaints came for Public banks. They were regarding electronic cards, housing loans etc. Private Banks were handling the customers and their complaints effectively as compared to Public sector banks. In the year 2012, Tandon examined telecom companies used redressal system and evaluated its positive effect on the satisfaction of end users. He concluded as service quality is important to marketers so as customer satisfaction. It is considered to be an important factor of the future behaviour of consumers.

Service quality in the banking sector or any other sector is the key determinant contributing to customer satisfaction. Quality can be described as organized or prompt delivery of service and the experience gained from that service is satisfaction (Dawar 2013).

It can be deduced from the above literature review that customer's grievance redressal system is key determinant factor behind the desired satisfaction of the customers. Along with it, quality of the service provided is also a major component which affects the contentment of customers. Thus, there is a need to study the mechanism of grievance redressal of banking sector.

Objectives of the research

- 1) To study the Grievance Redressal system in Banking Sector.
- 2) To estimate the level of awareness regarding the redressal system among customers.
- 3) To find out the level of awareness regarding the Banking Ombudsman Scheme among banking customers.
- 4) To ascertain the level of satisfaction among customers about redressing the grievances by banks in Amravati city.

Hypothesis of the research

H1: Grievances of customers are solved at the counter level.

H2: Customers of Amravati City are aware of the whole working mechanism grievance redressal system in banks.

H3: Customers are satisfied with the system of redressal in the banks of Amravati city.

Scope and limitations of the research

The purpose of the present research is to study the level of awareness among the customers and their satisfaction with the grievance redressal system in banks. The scope of prescribed study is limited to selected banks operating in Amravati City. This study is restricted only to the active banking customers. The results and findings of the study may not be applicable to any other area of the country.

Research Methodology

As the study aims at the satisfaction level of customers, the population for the proposed study is individuals from Amravati city. These individuals are the customers who are actively engaged in the banking functions of Amravati City. Descriptive Research Design is chosen for the present research study. Along with it, the Simple Random sampling method is adopted. Chi-Square statistical test is performed on the hypothesis. 100 active customers of various public and private banks were taken randomly as the sample size for the proposed study. A structured questionnaire was prepared for

customers with the intention to collect primary data. These individuals were asked to fill in the questionnaire. Wherever it was possible the researcher tried to take small interviews with customers of various banks. Also, the researcher had an in-depth conversation with selected Bank Managers and Employees of different banks.

In such a way, primary data was collected from the customers of various different private as well as public banks. Secondary data has been extracted from RBI Bulletins/Circulars, national and international journals, official websites of banks, internet, etc. These were used in order to understand the research work associated with the proposed study.

Data Analysis and Interpretation

Table No. 1: Demographic profile of respondents

Characteristics	No. of Respondents	Percentage (%)
Gender		
Male	68	68 %
Female	32	32 %
Age		
18-25	14	14 %
26-35	39	39 %
36-45	31	31 %
46 and above	16	16 %
Marital Status		
Single	33	33 %
Married	67	67 %
Education		
Graduate	21	21 %
Post Graduate	32	32 %
Professional	47	47 %

Table 1 analyzes the demographic profile of the respondents. The study has 68 Male respondents and 32 Female respondents. The age of respondents, 14 respondents were aged 18 to 25, 39 respondents were aged 26 to 35, 31 respondents were aged 36 to 45 while the remaining 16 respondents were aged above 46. Out of all 100 respondents, 67 respondents were married while 33 respondents were single. The educational qualification of the respondents was 21 respondents were Graduate, 32

respondents were Post Graduate, 47 respondents were Professionals.

Results and Findings

Table No 2: Hypothesis (H1)

Ho: Grievances of customers are not solved at the counter level in Amravati City.

H1: Grievances of customers are solved at the counter level in Amravati City.

What do you think grievances or problems of the customers are solved at the counter level in banks in Amravati City?	
Agree	Disagree
82	18

Frequency Table

	Agree	Disagree	Total
Solved at Counter	82	18	100
Total	82	18	100

The table value of X^2 for 1 degree of freedom at 0.05 level of significance = 3.84.

Decision: Since the table value 3.84 is lower than the calculated value of 40.96, we reject the null hypothesis and accept the alternate hypothesis and conclude that Grievances of customers are solved at the counter level in Amravati City.

Table No. 3: Hypothesis (H2)

Ho- Customers are not aware of the whole working mechanism of the Grievance Redressal system of banks.

H1- Customers are aware of the whole working mechanism of the Grievance Redressal system of banks.

Are you aware of the whole working mechanism of the Grievance Redressal system of banks?			
Response	Yes	No	Not Sure
	59	22	19

Frequency Table

	Yes	No	Not Sure	Total
Awareness About Mechanism	59	22	19	100
Total	59	22	19	100

The table value of X^2 for 2 degrees of freedom at 0.05 level of significance = 5.99.

Decision: Since the table value 5.99 is lower than the calculated value of 29.78, we reject the null hypothesis and accept the alternate hypothesis and conclude that most of the customers are aware of the working mechanism of banks.

Table No. 4: Hypothesis (H3)

Ho-Customers are not satisfied with redressing the grievances by banks in Amravati city.

H1- Customers are satisfied with redressing the grievances by banks in Amravati city.

Are you satisfied with redressing the grievances by banks in Amravati city?	
Highly satisfied	Less satisfied
79	21

Frequency Table

	Highly satisfied	Less Satisfied	Total
Customer Satisfaction	79	21	100
Total	79	21	100

The table value of X^2 for 1 degree of freedom at 0.05 level of significance = 3.84.

Decision: Since the table value 3.84 is lower than the calculated value of 33.64, we reject the null hypothesis and accept the alternate hypothesis and conclude that customers are satisfied with the about redressing the grievances by banks in Amravati city.

Conclusion

The success of the service industry mainly depends on its customers. Banks being a part of the service industry directly or indirectly depend on its customers. Banks must aim at satisfying its customers by fulfilling their needs and desires. To provide satisfaction fulfilling their needs individually is not sufficient but solving their problems is also needed. Thus banks must have a sound mechanism for solving the complaints of the customers. It must provide a quick and easy solution to their problems. Banks must provide maximum features in their services including

grievance redressal service. This will help them to retain the loyalty of the customers. In the present study, banks in Amravati city are working effectively with respect to handling customer complaints. Almost all the complaints are solved at the counter level. May be due to this reason the customers don't know about the whole

working mechanism of the grievance redressal system of the banking sector. Banks are providing an effective grievance redressal system to the customers at their level thus they do not need to go further. This leads to the current level of satisfaction among customers.

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