

Banking Ombudsman and Indian Banking Customer's Problems

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Abstract: *The development of a country depends on various sectors and each sector contributes in the development. It is necessary to make some rules and regulations to control any sector and the power of controlling the particular sector is given to related authority. In our research paper we analyzed the performance of Banking Ombudsman. With the help of our paper we tried to know the working process of Banking Ombudsman and it is found that various type of complaints are received in these B.O. in 2019-20 like ATM frauds, Online frauds, Debit Card & Credit card frauds etc.*

Key Words: Bank, Frauds, Banking Ombudsman, RBI.

1. INTRODUCTION:

Due to involvement of cash in banking sector the number of frauds is also high. There are various types of frauds we can see in this sector day by day. And these types of frauds are very harmful for banking customers so to resolve customer's complaints an independent authority is required. So Banking Ombudsman scheme was introduced in 1995.

The Banking Ombudsman Scheme was first introduced in India in 1995, and was revised in 2002. The current scheme became operative from 1 January 2006, and replaced and superseded the banking Ombudsman Scheme 2002. Presently the Banking Ombudsman Scheme 2006 is working in Indian banking sector.

Banking Ombudsman Scheme 2006- The Scheme enables a bank customer for filling of complaints relating to certain services rendered by banks.

- The banking Ombudsman is a senior official appointed by the Reserve Bank of India to redress customer's complaints against deficiency in certain banking services.
- All Scheduled Commercial banks, Regional banks & Scheduled Primary Co-Operative banks are covered under the Scheme.
- The Banking Ombudsman does not charge any fee for filing & resolving customer's complaints.
- The maximum compensation which a B.O. can help a complainant to get is Rs. 20 lakhs.
- If a complaint is not settled by an agreement within a period of one month, the B.O. proceeds further to pass an award. Before passing an award, the B.O. provides reasonable opportunity to the complainant & the bank, to present their case.
- If one is not satisfied with the decision passed by the B.O. One can approach the appellate authority who is the Deputy Governor of the RBI.

2. LITERATURE REVIEW:

The reviews of concerned literature have been done with the help of journal, abstract, websites and papers. A study analyzed by Girivasuki K & Dr. Dinakar G (2015) highlighted that Banking Ombudsman is very effective. Dr.Prof. Sachin Chavan & Ms. Prajkta Kamble (2019) revealed that Banking Ombudsman has already set out a systematic process for redressing the customers' complaint regarding particular banking services. Dr. Pranam Dhar & Bidhan Baidya revealed that banks provide different types of facilities to customers. K. Velu & Dr. P. Amarjothi (2014) have revealed that their study result shows a positive trend related to the performance of Banking Ombudsman Scheme. Kantamaneni HemaDivya & Koteswar Reddy (2018) highlighted that a good number of complaints is received and redressed by banking ombudsman, it can be said that customers are very much satisfied with the services of banking ombudsman. Trilochan & Dr. C.S Joshi (2019) have revealed that this scheme is very beneficial for bank customers. But still a lot needed to be done. C. Vijai, Sundari Suresh (2019) highlighted that Ombudsman Scheme is a very essential channel for Indian banks.

3. OBJECTIVES:

- To know efficiency of Banking Ombudsman Scheme.

- To know the working process of Banks in frauds.
- To analyze the problems of banking customer's.

4. RESEARCH METHODOLOGY:

To fulfill the objectives of our research paper we used various secondary data collection sources for e.g. RBI official website, Reports on Banking Ombudsman, banking websites etc. The data we used to analyze the working of Banking Ombudsman is taken from the report of RBI. The help of Research Papers was also taken to understand the research topic and working process of Banking Ombudsman Scheme.

5. RESULT AND DISCUSSION:

- The complaints received at OBOs during the year 2019-20 recorded an increase of 57.54% Year-on-Year (Y-o-Y), leading to a total of 3, 08,630 complaints as compared to 1,95,901 complaints received during 2018-19. Of these, 85.65% were received electronically i.e. through the online portal CMS and through email, as against 72.19% in the previous year.
- The disposal rate for 2019-20 declined marginally to 92.36%, as against 94.03% in 2018-19, amidst the surging inflow of complaints with the available human resources remaining the same during the year.
- Complaints related to (a) ATM/ Debit Cards and (b) Mobile/ Electronic banking overtook those pertaining to non-observance of Fair Practices Code (FPC) as the major grounds of complaints during the year. Their share in the total complaints received in 2019-20 was 21.97% and 13.38%, respectively.
- Complaints received on grounds relating to Credit Cards, failure to meet commitments, levy of charges without notice, loans and advances and non-adherence to the Banking Codes and Standards Board of India (BCSBI) Codes increased this year *vis-à-vis* the previous year. The number of complaints pertaining to 'Direct Sales Agent (DSA) and recovery agents' increased from 629 complaints in 2018-19 to 1,406 complaints this year.
- Of the total maintainable complaints, the share of complaints resolved by agreement i.e. through intervention of OBOs, mediation and conciliation increased from 69.88% in 2018-19 to 72.34% in 2019-20.
- The average cost of handling a complaint decreased by 23.31%, from ₹3,145/- in 2018-19 to ₹2,412/- in 2019-20. The reduction was mainly due to the handling of increased volume of complaints by the OBOs with the same level of resources as available during the previous year.

6. CONCLUSION:

In our study we found that banks are important for doing transaction, like saving, withdrawing loans etc. There are varieties of services provided by banks for their customers. Due to larger involvement of technology there are many cases of frauds we can see in this service sector. After digitalization of banking sector cases of frauds are increasing day by day. RBI is also trying to control these type of frauds with the help of restriction, penalty etc. So in India the work of Banking Ombudsman is very satisfactory. And due to large number of complaints the cost of handling these is also decreased in 2019-20 from 2018-19.

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