

A STUDY ON ANALYSIS BANKING OMBUDSMAN SCHEME

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Abstract

The banking system in India today has perhaps the largest outreach for delivery of financial services and is also serving as an important conduit for delivery of financial services. The Ombudsman Scheme is a system of expeditious and inexpensive resolution to customer complaints. The customers who are unhappy with the services rendered by a bank or face problems while dealing with one can apply to the banking ombudsman for redressal under the RBI's Banking Ombudsman Scheme. This study is an attempt of exploring the facts related to the analysis in Banking Ombudsman Scheme regarding the receipt and disposal of complaints, nature and mode of complaints received, region wise coverage of complaints and the grounds under which rejection of complaints takes place. Suitable statistical tools have been applied to highlight the findings. The result shows a positive trend related to the performance of Banking Ombudsman Scheme.

Key words: Ombudsman, RBI (Reserve bank of India), ATM (Automatic Teller Machine)

Introduction

The banking system in India today has perhaps the largest outreach for delivery of financial services and is also serving as an important conduit for delivery of financial services. Banking sector has become the core of almost all the monetary transaction that took place in the Country. All the Financial transaction within the Country and with the Foreign Country is done through Banks. Functions of the banking sectors now-a-days ranges from accepting deposit from Public giving loan, depository of stock exchanges, etc to insurance service provider which is popularly called 'Banc assurance'. Many a times disputes arise between customers and banks on matters relating to banking operations such as wrong debit to accounts, excess recovery of interest/charges, wrong dishonour of cheques, inadequacy in services, etc. In order to provide quick, inexpensive and expedite settlement of customer's complaints, the Reserve Bank introduced Banking Ombudsman Scheme since June 1995 under the provisions of Section 35 of Banking Regulation Act, 1949. The Banking Ombudsman Scheme enables an expeditious and inexpensive forum to bank customers for resolution of complaints relating to certain services rendered by banks.

Objectives of the Study

1. To know the background of banking ombudsmen scheme
2. To study the kinds of complaints received under the banking ombudsmen.

Methodology

This present conducted were descriptive research method

Sources of Data

This study mainly based on secondary data. Data were collected books, journals, RBI reports and the like

Banking Ombudsmen

The Reserve bank of India appoints banking Ombudsman under the provisions of banking Ombudsman Scheme, 2006 (as amended up to date). According to the provisions of Chapter II clause 4 (1) The Reserve Bank may appoint one or more of its officers in the rank of Chief General Manager or General Manager to be known as Banking Ombudsmen to carry out the functions entrusted to them by or under the Scheme. As on date, fifteen Banking Ombudsmen have been appointed with their offices located mostly in state capitals.

Jurisdiction, Powers and Duties of Banking Ombudsman:

According to the provisions 7 (1) of the Banking Ombudsman Scheme,2006 (as amended up to date), the Reserve Bank of India specifies the territorial limits to which the authority of each Banking Ombudsman appointed under the provisions of the Banking Ombudsman Scheme shall extend.

According to the provisions 7 (2) of the Scheme, The Banking Ombudsman shall receive and consider complaints relating to the deficiencies in banking or other services filed on the grounds mentioned in the provisions of the Scheme and facilitate their satisfaction or settlement by agreement or through conciliation and mediation between the bank concerned and the aggrieved parties or by passing an Award in accordance with the Scheme.

According to the provisions 7 (3) of the Scheme, The Banking Ombudsman shall exercise general powers of superintendence and control over his Office and shall be responsible for the conduct of business thereat.

According to the provisions of the Chapter III Clause 7 (4) of the Scheme, The Office of the Banking Ombudsman shall draw up an annual budget for itself in consultation with Reserve Bank and shall exercise the powers of expenditure within the approved budget on the lines of Reserve Bank of India Expenditure Rules, 2005.

According to the provisions of 7 (5) of the Scheme, The Banking Ombudsman shall send to the Governor, Reserve Bank, a report, as on 30th June every year, containing a general review of the activities of his Office during the preceding financial year and shall furnish such other information as the Reserve Bank may direct and the Reserve Bank may, if it considers necessary in the public interest so to do, publish the report and the information received from the Banking Ombudsman in such consolidated form or otherwise as it deems fit.

Other Powers and Duties

General superintendence and control

The Banking Ombudsman shall exercise general superintendence and control over his Office and shall be responsible for the conduct of business thereat.

Power to incur expenditure

The Banking Ombudsman shall have power to incur expenditure on behalf of the office. In order to exercise the aforesaid power, the Banking Ombudsman will draw up an annual budget for his office in consultation with Reserve Bank. The Reserve Bank will indicate the shares to be borne by the concerned banks. The Banking Ombudsman shall exercise the powers of expenditure within the approved budget.

Areas of Handling Complaints

The important areas are as follows:

- Non-payment or inordinate delay in the payment or collection of cheques, drafts, bills, etc.,
- Non-acceptance, without sufficient cause, of small denomination notes tendered for any purpose, and for charging of commission for this service;
- Non-acceptance, without sufficient cause, of coins tendered and for charging of commission for this service;
- Non-payment or delay in payment of inward remittances;
- Failure to issue or delay in issue, of drafts, pay orders or bankers cheques;
- Non-adherence to prescribed working hours;
- Failure to honour guarantee or letter of credit commitments;
- Failure to provide or delay in providing a banking facility (other than loans and advances) promised in writing by a bank or its direct selling agents;
- Delays, non-credit of proceeds to parties' accounts, non-payment of deposit or non-observance of the Reserve Bank directives, if any, applicable to rate of interest on deposits in any savings, current or other account maintained with a bank ;
- Delays in receipt of export proceeds, handling of export bills, collection of bills etc., for exporters provided the said complaints pertain to the bank's operations in India;
- Refusal to open deposit accounts without any valid reason for refusal;
- Levying of charges without adequate prior notice to the customer;
- Non-adherence by the bank or its subsidiaries to the instructions of Reserve Bank on ATM/debit card operations or credit card operations;
- Non-disbursement or delay in disbursement of pension to the extent the grievance can be attributed to the action on the part of the bank concerned, (but not with regard to its employees);

- Refusal to accept or delay in accepting payment towards taxes, as required by Reserve Bank/Government;
- Refusal to issue or delay in issuing, or failure to service or delay in servicing or redemption of Government securities;
- Forced closure of deposit accounts without due notice or without sufficient reason;
- Refusal to close or delay in closing the accounts;

Profile of Customer Complaints Handled By the BOs

Table1: Profile of customer complaints handled by the OBOs

Particulars	2010-11	2011-12	2012-13
Complaints brought forward from the previous year	5364	4617	4642
Complaints received at the OBOs during the year	71274	72889	70541
Total No of complaints handled by the OBOs during the year	76638	77506	75183
Complaints disposed during the year	72021	72864	69704
Complaints pending at the close of the year at the OBOs	4617	4642	5479
	(6.0%)	(6.0%)	(7%)
Complaints Pending for less than one month	2888	2681	3281
	(3.7%)	(3.0%)	(4.36%)
Complaints Pending for one to two months	1397	1655	1675
	(1.9%)	(2.14%)	(2%)
Complaints Pending for two to three months	297	277	492
	(0.39%)	(0.35)	(0.6%)
Complaints Pending for more than three months	35	9	31
	(0.01%)	(0.01%)	(0.04%)
Appeals brought forward from the previous year	34	0	13
Appeals received by the Appellate Authority during the year	133	351	360
Total no. of Appeals handled during the year by the Appellate Authority	167	351	373

Source: Annual Reports on Banking Ombudsman Scheme 2010-11 & 2011-12, RBI

Table 1 shows that complaints received year 2012-2013 decreasing then 2011-2012, Total number of Appeals handled during the year by the Appellate Authority 167 in 2010-2011, 351 in 2011-12 and 373 in 2012-2013

Receipt of Complaints Mode-Wise

Table 2: Receipt of complaints Mode-wise

Mode	No. of Complaints received during		
	2010-11	2011-12	2012-13
Email	9736 (14%)	9499 (13%)	11381 (16%)
On line	9265 (13%)	10026 (14%)	8160 (12%)
Post/Fax/Courier	52273 (73%)	53364 (73%)	51000 (72%)
Total	71274	72889	70541

*Figures in bracket indicate percentage to total complaints of respective years.

Source: Annual Reports on Banking Ombudsman Scheme 2010-11 & 2011-12, RBI

Table 2 shows complaints received in the way of post or courier 73% in 2010-11 and complaints received through online 12% in 2012-13.

Population Group-Wise Distribution of complaints received

Table 3: Population group-wise distribution of complaints received

Population Group	No of complaints received during			% increase or decrease (+ / -)
	2010-11	2011-12	2012-13	
Rural	7816 (11%)	8190 (11%)	8598 (12%)	(+1%)
Semi Urban	10816 (15%)	11982 (16%)	10868 (16%)	(0)
Urban	21218 (30%)	24565 (34%)	24246 (34%)	(0)
Metropolitan	31424 (44%)	28152 (39%)	26829 (38%)	(-1%)
Total	71274	72889	70541	

*Figures in bracket indicate percentage to total complaints of respective years.

Source: Annual Reports on Banking Ombudsman Scheme 2010-11 & 2011-12, RBI

Table 3 shows Population group-wise distribution of complaints received metropolitan cities 44% in 2010-11 but over all rural population group wise distribution of complaints increasing 1% in 2012-13 compare than in 2011-12

Bank Group-Wise Classification Complaints

Table 4: Bank group-wise classification

Bank Group	No of Complaints Received During		
	2010-11	2011-12	2012-13
Nationalized Banks	20417	22326	21609
	(29%)	(31%)	(31%)
SBI & Associates	22307	25848	23134
	(31%)	(35%)	(33%)
Private Sector Banks	17122	15090	15653
	(24%)	(21%)	(22%)
Foreign Banks	7081	5068	4859
	(10%)	(7%)	(7%)
RRBs/ Scheduled Primary Urban Co-op. Banks	1130	1439	1489
	(2%)	(2%)	(2%)
Others	3217	3118	3797
	(4%)	(4%)	(5%)
Total	71274	72889	70541

Source: Annual Reports on Banking Ombudsman Scheme 2010-11 & 2011-12, RBI

Table 4 shows Bank group-wise classification based on Complaints Received state bank of India and associates decreasing in 2012-13 compared then 2011-12.

Findings

- Complaints received year 2012-2013 decreasing then 2011-2012.
- Total number of Appeals handled during the year by the Appellate Authority 167 in 2010-11, 351 in 2011-12 and 373 in 2012-2013
- Complaints received in the way of post or courier 73% in 2010-11 and complaints received through online 12% in 2012-13.
- Population group-wise distribution of complaints received metropolitan cities 44% in 2010-11 but over all rural population group wise distribution of complaints increasing 1% in 2012-13 compare than in 2011-12
- Bank group-wise classification based on Complaints received state bank of India and associates decreasing in 2012-13 compared then 2011-12.

Conclusion

Banks being the institutions of financial importance in every part of the world, the resolution of the complaints relating to their conduct is also an essential attribute of consumer satisfaction. Therefore the ombudsman or the officer for dealing with consumer complaints regarding the banks has been appointed by an authority in various nations. The Ombudsman scheme is a boon and a very important channel for redressal of grievances by the general public against banks and banking services. It could be concluded that the

banking ombudsman scheme is one of the best way to solve the problems of the consumer and improve the relationship of the customer with the bank.

Reference

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