

A Study on Grievance Redressal Mechanisms with Reference to E-Banking Customers of Few Selected Banks of Udupi District

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Abstract – E-Banking has revolutionised the financial industry by offering customers convenient, fast and accessible services. However, with the rise of digital banking, challenges such as service errors, fraud etc. have emerged. To address these issues efficient grievance redressal mechanisms are critical in maintaining customer trust and satisfaction in e-banking. This paper highlights on the customer awareness on grievance redressal mechanisms, different types of complaints faced by banking customers and user-friendly processes to resolve customer complaints. Strengthening grievance redressal not only protects consumers but also enhances the credibility of E-Banking services, ensuring long term stability in the digital sector.

Keywords – Customer Satisfaction, Customer Trust, E-Banking, Grievance Redressal Mechanisms, Customer Complaints.

I. INTRODUCTION

Customers are at the center of each commercial organization, whether in the production sector or in the service department. Today, consumers are very aware that he will receive it at the price he paid. This enables you to produce and deliver high quality products at fair prices.

Yet, satisfying and retaining customers within the organization remains a complex and difficult challenge. Liberalization and rapid technological changes have significantly altered the functioning of organizations. This technological change has prompted the banking sector to provide value-added banking services to customers through technological developments, better communication systems, and highly efficient information technology. Customer satisfaction is important for the success of each commercial organization. Mostly complaints arise when banks do not deliver services properly or on time. In the banking sector, customer satisfaction cannot be guaranteed without effective procedures for handling complaints from disgruntled customers.

However, it is well known that not all grievances can be resolved at the bank level and efforts on the part of the regulator are required to address customer grievances. Based on this grievance redressal mechanism to hear and resolve consumer complaints regarding specific banking services, the Reserve Bank of India (RBI) launched the Banking Ombudsman Scheme in 1995, which provides a quick and inexpensive forum for bank customers to get their grievances resolved regarding services provided by all banks: scheduled commercial banks, regional rural banks and scheduled primary cooperative banks.

However, customer awareness, of redressal mechanisms in general and the types of complaints they can lodge or submit to the bank of mediators in particular, and their perceptions about the effectiveness of the mechanisms to effectively address their concerns may vary across economies, and even the degree of urbanization and literacy rates in some cases Customers play a key role in determining the effectiveness of redress mechanisms.

II. LITERATURE REVIEW

Komwut (2014) argues that value charged to customers, such as reasonable transaction fees, free intra bank transfer fees or low interbank transfer fees within the same area, has a significant impact on customer satisfaction.

Happier customers mean more loyal customers. Ultimately it impacts the bank's profits. The combination of these factors is essential to run a successful service business: Satisfied customers are less likely to complain and are generally more loyal to their bank.

Tejinderpal (2011) Observes that the number of complaints received by the bank in ombudsman office is increasing significantly. In various categories of complaint, significant increase has been noticed in case of complaints relating to credit cards and these complaints forms the major part of total number of complaints.

Ganapati and Sreekumar (1996) shows that complaining behaviour is more prevalent at the departmental level than at higher levels. This behaviour is defined by assigning responsibility to employees in a department or division. The study also suggests that there is a need for robust redress mechanisms at the branch level.

Shashi Yadav (2021) evaluated the efficiency of customer grievance redressal mechanisms in banking industry. Success of the bank depends on the satisfaction level of their customers. It is important to redress the complaints of customers by adopting latest technologies and hiring young employees. Consumer education and awareness programmes should be organised to customers as well as meetings should be arranged with media to share the information about banking ombudsman. Banking ombudsman ensures quick redressal of complaints.

Siddiqui & Tripathi (2010) highlighted on the attitudes and perception of complaint handling mechanisms of banks. Success of the bank depends on the complaint handling mechanism of the bank and overall quality in the services. It is found that continuous involvement and commitment of bank is critical for resolving the complaints of customers successfully.

Charu Saxena & DR.Vikramjit Kaur (2017) identified the service quality factors in banks to satisfy the customers. Banks should provide effective effective grievance redressal system to its customers and monitor regularly the current level of customer satisfaction. Banks are lagging behind in the responsiveness component and empathy component of grievance redressal system of banks for customers. Thus, some remedial measures are vital for the banks to win over customers.

Uppal (2010) analysed the number of complaints made by bank customers and suggested some measures to reduce the complaints. The study analysed the extent of complaints in three types of bank groups namely public sector, private sector banks and foreign banks. The complaints are found to be more in public sector and the complaints are related to deposit, credit cards and housing loans which affects customers satisfaction.

Harjinder Kaur, Dr. Jasmindeep Kaur (2024) evaluated the effectiveness of consumer protection and grievance redressal mechanisms in banking sector. From the findings perception of employees towards redressing complaints of customers is positive. It is also found that effective handling of customer complaints well can lead to customer satisfaction and long-term relationship with the bank.

From the study of above literature review it can be inferred that the customers complaints should be redressed

by adopting latest technologies and prompt handling of complaints quickly. Most of the customers are lacking with financial literacy so it is necessary to make the customer aware about the different redressal mechanisms in resolving the complaints successfully. Effective grievance redressal mechanisms make the customer satisfied. There is limited research on the grievance redressal mechanisms of e-banking customers. Thus, there is a need to undertake a study on analysing the customers satisfaction in grievance redressal mechanisms in e-banking.

II. STATEMENT OF THE PROBLEM

In most cases, customers often are not getting protection of their interest leads to customer complaints. These issues last at a rural segment at aggravate level.

The government and regulatory authorities design and develop a mechanism to recover customer complaints at various levels to solve this problem. Since banks are a service organization, customer complaints are part of its business life.

Fast and efficient service is essential not only to attract new customers but also to retain existing ones. Banks need to take a proactive approach to redress customer complaints by proactively identifying shortcomings in product functionality or service delivery and providing mechanisms for efficient and professional handling of customer complaints. It is very important for the banks to identify the problems faced by the customers and also the mechanisms they have chosen to redress the grievances of customers. Even though the customers are literate they lack with financial literacy and hence they face several e banking problems. This paper aims to find out the level of customer awareness on grievance redressal mechanisms.

Objectives of the Study:

1. To identify different types of complaints against the banks.
2. To analyse the level of customer awareness on Grievance Redressal Mechanisms
3. To analyse the customer experience in resolving the complaints of E-Banking customers.

III. RESEARCH METHODOLOGY

This section describes the methodology carried out to complete the research work.

Research Design:

It guides the researcher in collecting, analysing and interpretation of data. In order to achieve the objectives of the study, research will be conducted from the customers perspective.

Data Collection:

Data collection comprises of both primary and secondary data. The primary data was collected through structured questionnaire from customers covering different grievance redressal methods and their experience in customer satisfaction. Secondary data has been collected from RBI bulletins/circulars, reports of various government, websites of various banks, research papers etc.

Sample Design:

Stratified random sampling has been selected. Survey was directed only in Udupi district and customers using

E-Banking services. The sample size of 120 respondents consisting of selected banking customers from selected banks who are using various E-Banking services.

IV. DATA ANALYSIS AND INTERPRETATION

Table 1.

Demographic Variables	Catagories	No of Resondents (%)
Gender	Male	18(36%)
	Female	32(64%)
Age	Below 30	35(29%)
	30-40	40(33%)
	40-50	24(20%)
	Above 50	21(18%)
Marital status	Married	48(40%)
	Unmarried	72(60%)
Qualification	Primary	7(6%)
	SSLC	14(12%)
	PUC	18(15%)
	UG	36(30%)
	PG	37(31%)
	Other	8(7%)
Occupation	Business	18(15%)
	Govt employee	34(28%)
	Private Employee	39(33%)
	Professional	14(12%)
	Agriculturist	8(7%)
	Student	7(6%)
Monthly Income	Less than 20000	11(9%)
	20000-40000	47(39%)
	40000-60000	26(22%)
	60000-80000	22(18%)
	80000 and above	14(12%)
Area	Rural	47(39%)
	Urban	73(61%)
Type of Bank	Private Sector	57(48%)
	Public Sector	63(53%)

Interpretation:

From the above table it shows that majority of the customers belong to the age group of 30-4. Most of the respondents belong to post graduation. 22% of the respondents were business by profession, 28% of the respondents belong to 20000-40000 income category. Majority of the respondents falls under urban area. Majority of the respondents are availing services from public sector banks.

Table 2. Reasons for using E-Banking Services.

Factors	Respondents	Percentage
1. Convenience	51	43%
2. Accessibility	38	32%
3. Safety & Security	7	6%
4. User Friendly	13	11%
5. Fast transaction	11	9%

Interpretation:

From the above table it is inferred that majority of the respondents use E-Banking services for their convenience. 32% of them use the services for the accessibility. 9% of them use the services as the transactions can be done very fast. 11% of the respondents use it as it is user friendly. 6% of them avail the services as it is safe and secure.

Table 3. Most preferred E-Banking channels by Customers.

E-Banking Services	Respondents	Percentage
1.ATM	34	28%
2.Internet Banking	33	26%
3.Mobile Banking	38	32%
4.Telephone Banking	-	-
5.EFT/NEFT	7	3%
6.Debit/credit card	8	7%

Interpretation:

From the table it is inferred that majority of the respondents prefer Mobile banking is preferred more compared to other E-Banking services. 28% of them prefers ATM, followed by 26% of them prefers Internet banking. Most least preferred E-Banking services is EFT and Debit/Credit cards.

Table 4. Problems faced in E-Banking Services.

Problems	Respondents	Percentage
1. E-banking channels creates more confusion	37	31%
2. Unauthorised access within network	16	13%
3. Bad network Connection	38	32%

Problems	Respondents	Percentage
4. ATM machine out of cash	21	18%
5. Too many steps in processing transaction	2	1%
6. Loss or damage of data by hackers	6	5%

Interpretation:

From the table it is inferred that majority of the respondents faced with bad network connection while availing E-banking services. 31% of the respondents faced more confusion in E-Banking channels. 18% of them faced the problem of ATM machine out of cash. 13% of them faced with unauthorised access within network. 5% of them faced with damage of data by hackers. 1% complained about many steps while processing transaction.

Table 5. Level of Awareness on Grievance Redressal Mechanisms in Banks.

Mechanism	Highly Aware	%	Aware	%	Neutral	%	Unaware	%	Highly Unaware	%
1. Oral/written complaint	40	33	42	35	20	17	14	12	4	3
2. Suggestionbox	44	37	41	34	23	19	11	9	1	1
3. Online complaint	31	26	17	14	16	13	32	27	24	20
4. Nodal officer	16	13	18	15	17	14	33	28	36	30
5. Banking Ombudsman	17	14	15	13	18	15	37	31	33	28

Interpretation:

From the above table it is inferred that 35% of the respondents are aware about oral or written complaint followed by 33% of them highly aware on oral or written complaint, 17% of them stands neutral, 12% of them are unaware and 3% of them are highly unaware of the oral/written complaint. 37% of the respondents are aware about suggestion box, followed by 34% of them are aware on suggestion box, 19% are neutral, 9% are unaware about suggestion box, rest 1% are highly unaware about this. 26% of the respondents are highly aware about online complaint, 27% are unaware about online complaint, 20% of them are highly unaware about online complaint, 14% are aware about online complaint. 30% of the respondents are highly unaware about Nodal officer, followed by 28% of them are unaware about nodal officer, 15% of them are aware about nodal officer, 14% of them are neutral. 31% of the respondents are unaware about Banking ombudsman, 28% of them are highly unaware about Banking ombudsman, 15% of them are neutral, 14% of them are highly aware about Banking ombudsman.

Table 6. Frequency of Customers complaint towards Bank.

Complaints	Respondents	Percentage
1. Plastic money	25	21%
2. Unfair banking practices	15	13%
3. Poor quality in services	38	32%

Complaints	Respondents	Percentage
4. Levying service charges without prior intimation	11	9%
5. Failed transaction	12	10%
6. Website problem	12	10%

Interpretation:

From the above table it is inferred that majority of the respondents had complained towards poor quality in services, 21% of them complained towards plastic money, 13% of them complained about unfair banking practices, 10% of them complained about failed transaction and website problem, 9% of them complained on levying service charges without prior intimation.

Table 7. Bank’s response towards customers issue.

Issues	Highly Effective	%	Effective	%	Neutral	%	Ineffective	%	Highly Ineffective	%
Bank response	12	10	18	15	20	17	38	32	32	27

Interpretation:

From the above table it is inferred that 32% of the respondents are of opinion that banks response towards customers issue is ineffective. 27% of them opined that it is highly ineffective, 17% of them are neutral about this, 15% of them opined that it is effective, 10% of them opined that banks response towards their issues are highly effective.

Table 7. Level of Satisfaction on Bank’s Grievance Redressal Mechanisms.

Satisfaction towards GRM	Highly Satisfied	%	Satisfied	%	Neutral	%	Dissatisfied	%	Highly Dissatisfied	%
Bank makes customer aware on GRM	17	14	15	13	18	15	37	31	33	28
Knowledge of employees on GRM	31	26	17	14	16	13	32	27	24	20
Approachability of bank managers	33	28	18	15	17	14	16	13	36	30
Staff ability to resolve complaints	25	21	18	15	12	10	27	23	38	32
Display of names of nodal officers	40	33	42	35	20	17	14	12	4	3
Complaint handling	1	1	11	9	23	19	41	34	44	37

Interpretation:

From the above table it is inferred that majority of the respondents are highly dissatisfied about customer awareness on grievance redressal mechanisms is dissatisfied, followed by 28% of them opined as very poor, followed by 15% of them opined as neutral, 14% of them are highly satisfied in making them aware about grievance redressal mechanisms. 27% of the respondents are dissatisfied about the knowledge of employees on

GRM, 26% of them are satisfied on the employees' knowledge on GRM, 20% of them are highly dissatisfied on the employees knowledge on GRM, 14% of them are satisfied on the employees knowledge on GRM, 13% of them are neutral about their opinion. Majority of the respondents are highly dissatisfied about the approachability of bank manager, 28% of them are highly satisfied about the approachability of bank managers towards customer, 15% of them are satisfied about the approachability of bank managers towards customer, 14% of them are neutral about their opinion, 13% of them are satisfied about the approachability of bank managers towards customer. Majority of the respondents are highly dissatisfied about the staff ability in resolving customer complaints. 23% of them are dissatisfied about the staff ability in resolving customer complaints. 21% of them are satisfied about the staff ability in resolving customer complaints. 15% of them are satisfied, 10% of them are neutral in their opinion. Majority of the respondents are satisfied in displaying the names of nodal officers, 33% of them are highly satisfied, 17% of them are neutral, 12% of them are dissatisfied about the display of nodal officer's name, 3% of them are highly dissatisfied in display of nodal officer's name. majority of the respondents are highly dissatisfied on the complaint handled by bank, 34% of them are dissatisfied on the complaint handled by bank, 19% of them are neutral in their opinion, 9% of them are satisfied, 1% are highly satisfied.

V. MEASURES TO REDUCE CUSTOMER COMPLAINTS

The success of the bank depends on its customers. Banks have to strive hard for retaining customers by providing prompt and efficient services. Banks should involve in identifying the expectations and problems of customers. The Reserve bank of India has taken several steps in reducing customer complaints like organising conference and meeting with consumer professionals and nodal offices of the bank and also conducting awareness programmes to customers and arranging meetings with media to share the information regarding BO. Responding to customer issues promptly and handling customer complaints quickly is the best way to reduce complaints.

VI. FINDINGS OF THE STUDY

From the study it is found that majority of respondents are availing the E-Banking services from public sector banks.

- Most preferred E-Banking channels is Mobile banking.
- Majority of the customers are facing problem with bad network connection and also most of the services creates more confusion.
- Majority of the customers are aware about oral or written complaint, suggestion box.
- Most of the customers are not aware about online complaint.
- Majority of the customers are unaware about approaching nodal officer and Banking Ombudsman if in case complaint is unresolved.
- Majority of the customers has complained banks for poor quality in services.
- Majority of the customers are highly dissatisfied in handling the complaints, most of them are not happy with the ability of staff in resolving their complaints.

- Majority of the customers are dissatisfied with bank in not making them aware about Grievance Redressal mechanisms.

VII. CONCLUSION

The success of the bank is highly dependent on the satisfaction level of the customers. All bank should aim at satisfying the customers' needs by including more features in their services. In order to make bank's grievance redressal mechanisms to be effective, better customer service and general awareness about grievance redressal mechanisms should be given to customers. Most of the customers are lacking with financial literacy which make them to face several challenges and risks. Due to this they lose trust with banks. In order to make customer satisfied providing proper education and user-friendly interfaces can help to reduce these risks.

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