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IDENTIFICATION OF LIMITING FACTORS OF BANKING GRIEVANCE REDRESSAL SYSTEM: A CUSTOMER'S PERSPECTIVE

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Abstract

Banking is pre-dominantly a customer oriented business and dependable customer service are the key to the bank's growth and constancy. In prospect of the enhanced competition, it is customer service that becomes a sole differentiating factor that has to be leveraged to stay relevant and forge in the lead in the line. Excellence in customer service is coming forth as the valuable way to distinguish themselves from their rivals. An effective grievance redressal mechanism helps to understand customer from his point of view which always provide scope for improving service quality. This paper is an attempt to extract the grievance redressal service quality variables into relevant factors and identify the limiting factors among them to suggest alternate strategies towards increasing the effectiveness of the grievance redressal system in the Indian banks.

Keywords: *Customer Service, Service Quality and Limiting factors.*

Introduction

Banking Regulation Act of India, 1949 defines Banking as "Accepting, for lending or investment of deposits of money from the public, repayable on demand or otherwise and withdrawals by cheques, draft, order or otherwise."

The Customer Grievance Redressal System of banks is required to be a system of assessing the grievances and redressing the complaints of dis-satisfied customers in a quick and inexpensive way. Customers should be able to register their grievances when they feel distressed with the services offered by a bank or face problems while dealing with a bank. The significance of existence and functioning of such a system is indispensable for survival and expansion of any banking organization and poses a case for extensive study on the performance of this system. This study is an attempt to identify the limiting factors of the Customer Grievance Redressal System (CGRS) in banks in India. This research identifies

the important service quality dimensions of CGRS in Banks to enable the bank to develop strategies and improve the grievance redressal mechanism of banks. The limiting factors of CGRS have been identified from the customers' perspective.

II Literature Review

According to the Consumer Protection Policy Diagnostic Report India 2010, complaint procedures are needed to be modest and hassle free. Procedure for lodging complaints should be made easier for customers. Customer awareness campaigns are needed for customers to make them knowledgeable of their rights and responsibilities towards consumer protection.

Siddiqui and Tripathi (2010) attempted to assess the perception of customers towards the complaint handling mechanism of banks. The respondents are clustered based on 13 statements of complaining behaviour, named as Non-complaining customers, Switchers, Prompt complainers and Positive thinkers. The maximum number of customers belonged to 'non-complainers,' segment. The customers could be switchers, who did not discourage defection, but preferred to switch to some other bank. The third category of customers could ' be prompted complainers,' who preferred to lodge complaint against a bank, whenever dissatisfaction occurred. The complaint handling system of banks would have focussed on such customers. Efforts related to the complaint handling system would be such that customers are satisfied both with the grievance redressal procedure of the system and the fairness of the outcome. The customers belonging to the fourth segment called, positive thinkers, believed in the seriousness and honesty of the grievance redressal system of the firm, thus, carefulness needed to be worked out at every service encounter with the aim of getting it right the first time itself.

Uppal (2010) analysed the extent of complaints lodged in banks in India for the period 2006 to 2008 and found that most of the complaints are related to deposit, credit cards and housing loans, from the public-sector bank customers. The researcher suggested that there is the requirement of separate customer care centers in every branch of banks to resolve the customer complaints under the guidelines of the RBI.

According to Chakrabarty, deputy governor, Reserve Bank of India (2011), the customer grievance redressal system in Indian banks is far from satisfactory and needed to further develop in terms of customer faith and effective functional system of receiving and handling customer complaints. The banks' internal structure needed to be strengthened to redress the grievances of pensioners and small borrowers, including farmers.

Selvi (2011) evaluated the nature and progress of complaints received and disposed related to the banking services. It is also inferred from the analysis that although the redressal mechanism is functioning well in adhering to the needs of the customers with speedy disposal of complaints, more awareness can also be created among the public with regards to the grievance cell and its functioning. It is suggested that scheduled commercial banks should improve the grievance redressal mechanism to resolve the customers' complaints. Kumar (2011) studied the attitude of customers regarding the functioning of the

Consumer Redressal Forum, and accessed the level of consumers' awareness about their rights. The study analysed the functioning of consumer forums from complainants' view point and revealed that every third respondent is aware about consumer forums either by electronic or print media or through word of mouth communication within their close interaction group. But, most of the respondents are not correctly aware about the amount of the fee, stipulated disposal time, the role of voluntary consumer organization in district consumer forums etc.

Pierre and Russo (2012) analysed criticism of the services of the banking sector by the customers through online platforms; and the actions taken by banks to counter this criticism. Al-Azzam (2015) used the service quality model with five dimensions to gauge its effect on customer satisfaction, among Arab bank customers in the Irbid city. The extracted factors of service quality are tangibility, responsiveness, reliability, empathy, and security. Therefore, the banking sector could use such dimensions to evaluate, support, and improve the quality of their services.

III OBJECTIVES OF THE STUDY

The objectives of the present study are the following:

i. To extract the service quality factors of the Customer Grievance Redressal System as perceived by customers.
ii. To identify the limiting factors and suggest alternate strategies for timely and effective redressal of customer grievances.

III RESEARCH METHODOLOGY

The empirical study collected primary data from 600 bank customers of public and private sector banks of four selected districts of Punjab i.e. Amritsar, Jalandhar, Ludhiana, and Patiala, through a well structured questionnaire. The questionnaire consists of the 32 service quality statements along with 5 statements of customer satisfaction with five-point Likert scale ranging from '1' for Strongly Disagree, '2' for Disagree, '3' for Neutral, '4' for Agree and '5' for Strongly Agree. The data have been subjected to exploratory factor analysis to identify and examine the service quality dimensions of CGRS, as used by Singh, 2008 and Tandon, 2012. Exploratory factor analysis (EFA) has been applied to explore the possible underlying factor structure of a large set of observed variables without imposing a preconceived structure on the outcome (Child, 1990; Garson, 2006)

IV DATA ANALYSIS AND INTERPRETATION

The results of KMO and Barlett's test, applied to the variables, show that KMO index is high at 0.717 greater than 0.5, hence acceptable (Tabachnick & Fidell 2007) and the approx. chi square is 19454.4, with the significance less than 0.05. The thirty-two service quality variables of CGRS have been split into six components. The results of analysing exploratory factors (EFA) are shown in table 1.1. The

thirty-two service quality variables of CGRS had been extracted into six perceived service quality dimensions of CGRS including: Reliability, Responsiveness, Accessibility, Tangibles, Empathy and Assurance, from the customers' perspective.

The mean value ranges between 3.22 to 3.37 for the five variables of the reliability dimension of CGRS. This shows that there is reasonably fair perception of the service reliability of the CGRS in banks. The mean value is highest (3.37) for the variable, 'Maintain accurate records' followed by the variables,

Table 1.1 Results of Exploratory Factor Analysis

Statements	Factor Loadings	Factors	Cronbach's Alpha
Maintain Accurate Records	.908	Factor 1 Reliability	0.906
Grievances are Satisfactorily Resolved	.901		
Redress of complaint First Time	.886		
Acknowledgement of Complaint	.776		
Redress Within Time Frame	.762		
System is Trustworthy	.897	Factor 2 Responsiveness	0.778
Never too busy staff	.894		
Bank Staff Ability	.892		
Prompt Response	.891		
Inform Customers	.408		
Easy to find the Correct Person	.833	Factor 3 Accessibility	0.757
Approach Bank Manager	.823		
Modes of Complaining	.801		
Approach Banking Ombudsman	.748		
Approach Nodal Officer	.747		
Complaint Box or Register Placed	.882	Factor 4 Tangibility	0.836
Website Has Detailed Information	.860		
Materials understandable	.859		
Booklets of Information placed	.656		
Information of Officials are displayed	.642		
Customer Best Interest	.867	Factor 5 Empathy	0.703
Efforts to Understand	.862		
Polite and Courteous	.651		
Sincere Concern	.615		
Individual Attention	.571		
Personal Attention	.531		
Dealt Equitable Manner	.876	Factor 6 Assurance	0.751
System Not Dependable	.870		
Employees Trained	.651		
Employees Knowledgeable	.651		
Take the ownership	.549		
Enhances Confidence	0.30		

The limiting factors have been identified using descriptive mean scores and standard deviations of all the parameters of the individual factors.

Reliability: Table 1.2 depicts that the average mean score obtained by the sample respondents for reliability dimension as the service quality variable of CGRS is 66.24 per cent. It shows that bank customers perceived reliability, as a moderately dominant dimension of CGRS. Thus, Reliability is a limiting factor from the customers' perspective and the banks need to improve the different parameters of this factor.

Table 1.2 Descriptive Statistics- Reliability

S. No.	Parameter	Mean	Mean Score (Per cent)	Std. Deviation
1	Complaints are acknowledged	3.22	64.4	0.47
2	Redress within time frame	3.25	65	0.50
3	Redress of complaint first time	3.36	67.2	0.53
4	Maintain accurate records	3.37	67.4	0.52
5	Grievances are satisfactorily resolved	3.36	67.2	0.52
Overall (N=600)		**16.56**	**66.24**	**0.51**

Source: Computed from the Primary Data

'Redress of complaint first time' (3.36) and 'Grievances are satisfactorily resolved' (3.36). The least rated parameters are, 'Complaints are acknowledged' (3.22) and 'Redress within the time frame' (3.25). Thus, banks are required to make necessary efforts to improve the system of acknowledging the complaints and banks should ensure the redressal of complaints within the prescribed time frame.

Tangibles: Table 1.3 depicts that the average mean score obtained by the sample respondents for tangibles dimension as the service quality variable of CGRS is 76.96 per cent, with standard deviation 0.58. It inferred that bank customers perceived 'Tangible' as a dominant dimension of CGRS. The mean value ranges between 3.68 to 3.98 for the five variables of the tangibility dimension of CGRS. This shows good performance by banks in providing physical aspects to the customers for using grievance redressal services of banks.

Table 1.3 Descriptive Statistics Tangibles

S. No.	Parameter	Mean	Mean Score Per cent	Std. Deviation
1	Information of Officials Displayed	3.68	73.6	0.49
2	Booklets of Information Placed	3.68	73.6	0.46
3	Complaint Box or Register placed	3.98	79.6	0.66
4	Materials Understandable	3.95	79	0.66
5	Website has detailed information	3.95	79	0.67
Overall (N=600)		**19.24**	**76.96**	**0.58**

Source: Computed Primary Data

The mean value is highest (3.98) for the variable, 'Complaint Box or Register placed' followed by the variables, 'Materials understandable' (3.95) and 'Website has detailed information' (3.95). Thus, it is found that the perception towards such tangibles available in banks had been highly rated by the customers. The least rated parameters are, 'Information of officials displayed' (3.68) and 'Booklets of information placed' (3.68). Thus, banks are required to make necessary efforts to improve such parameters. Thus, banks should display the information of their officials on notice board in each branch and the booklets of information should be kept at prominent places. It is also concluded that the physical aspects and its facilities are widely acknowledged as essential determinants of the CGRS in banks.

Accessibility: Table 1.4 depicts that the average mean score obtained by the sample respondents for 'Accessibility' dimension as the service quality variable of CGRS is 87.4 per cent, with standard deviation 0.70. It shows that bank customers perceived accessibility as the most dominant factor of CGRS. The mean value ranges between 4.27 to 4.51 for the five variables of accessibility dimension of CGRS. This shows good performance by banks in providing accessibility aspects to the customers for using grievance redressal services of banks.

Table 1.4 Descriptive Statistics - Accessibility

S. No.	Parameter	Mean	Mean Score Per cent	Std. Deviation
1	Modes of Complaining	4.32	86.4	0.80
2	Easy to find the correct person	4.51	90.2	0.64
3	Approach Bank Manager	4.48	89.6	0.63
4	Approach Nodal Officer	4.27	85.4	0.72
5	Approach Banking Ombudsman	4.27	85.4	0.72
	Overall (N=600)	**21.85**	**87.4**	**0.70**

Source: Computed Primary Data

The mean value is highest (4.51) for the variable, 'Easy to find the correct person' followed by the variables, 'Approach Bank Manager' (4.48) and 'Modes of Complaining' (4.32). Thus, it is found that the perception towards these parameters of accessibility available in banks had been highly rated by the customers. The least rated parameters are, 'Approach Nodal Officer' (4.27) and 'Approach Banking Ombudsman' (4.27). Thus, banks are required to make necessary efforts to improve such parameters. Banks should display the information of their officials on notice board in each branch and the booklets of information should be kept at prominent places. Thus, it is concluded that approachability and accessibility of the grievance redressal services, matter much, as perceived by the bank customers.

Responsiveness: Table 1.5 shows that the average mean score obtained by the sample respondents for responsiveness dimension as the service quality variable of CGRS is 55.92 per cent. It shows that bank customers perceived responsiveness as the less dominant dimension of CGRS. Thus, it is the limiting factor as it is evident that banks, being non-responsive towards customer queries and problems.

Table 1.5 Descriptive Statistics Responsiveness

S. No.	Parameter	Mean	Mean Score Per cent	Std. Deviation
1	Bank Staff Ability	2.55	51.0	0.63
2	Inform Customers	3.37	67.4	0.98
3	Prompt Response	2.55	51.0	0.63
4	System Trustworthy	2.76	55.2	0.86
5	Never Too busy	2.75	55.00	0.84
Overall (N=600)		**13.98**	**55.92**	**0.78**

Source: Computed from thePrimary Data

The mean value ranges between 2.55 to 3.37 for the five variables of 'Responsiveness' dimension of CGRS. This shows that there is reasonably fair perception of responsiveness aspects of banks towards redressing customer grievances. The mean value is highest (3.37) for the variable, 'Inform Customers' followed by the variables, 'System Trustworthy' (2.76) and 'Never Too busy' (2.75). Thus, it is clearly understood that the perception towards these parameters of accessibility available in banks had been moderately rated by the customers. The least rated parameters are, 'Prompt Response' (2.55) and 'Bank Staff Ability' (2.55) and banks need to improve such parameters of responsiveness. Thus, banks are required to make necessary efforts to provide customer support services in order to improve such parameters. The information of their officials on notice board should be properly displayed in each branch and the booklets of information should be kept at prominent places. It is also concluded that the physical aspects and its facilities are widely acknowledged as essential determinants of the CGRS in banks.

Table 1.6 Descriptive Statistics Assurance

S. No.	Parameter	Mean	Mean Score Per cent	Std. Deviation
1	Employees are trained	3.83	76.6	0.53
2	Employees are knowledgeable	3.79	75.8	0.46
3	Enhances Confidence	3.85	77	0.51
4	Take the Ownership	3.65	73	0.71
5	Dealt Equitable Manner	3.63	72.6	0.57
6	System not dependable	3.62	72.4	0.58
Overall (N=600)		**22.37**	**74.56**	**0.56**

Source: Computed Primary Data

Table 1.6 shows that the average mean score obtained by the sample respondents for assurance dimension as the service quality variable of CGRS is 74.56 per cent with standard deviation 0.56. The mean score for assurance in providing the grievance redressal services by the bank to the customers is between 3.62 to 3.85 for the six variables, which is a good score showing the assurance provided by banks to their customers. The mean value is highest (3.85) for the variable, 'Enhances Confidence' followed by the variables, 'Employees are trained' (3.83) and 'Employees are knowledgeable' (3.79). Thus, it is clearly understood that the perception is good towards these parameters of assurance given by banks. The least rated parameters are, 'Take the Ownership' (3.65) 'Dealt Equitable Manner' (3.63) and 'System not dependable' (3.62). and banks need to improve such parameters of responsiveness. Thus, banks are required to make necessary efforts to provide assurance of grievance redressal to their customers, in order to improve such parameters.

Empathy: Table 1.7 shows that the average mean score obtained by the sample respondents for empathy dimension as the service quality variable of CGRS is 60.00 per cent, and standard deviation 0.88. Thus 'Empathy' is the limiting factor and banks need to improve different parameters of this factor.

Table 1.7 Descriptive Statistics Empathy

S. No.	Parameter	Mean	Mean Score Per cent	Std. Deviation
1	Individual Attention	2.76	55.2	0.84
2	Personal Attention	2.81	56.2	0.85
3	Efforts to Understand	3.14	62.8	0.90
4	Customers' Best Interest	3.14	62.8	0.92
5	Sincere Concern	3.14	62.8	0.92
6	Polite and Courteous	3.01	60.2	0.86
Overall (N=600)		**18.0**	**60.0**	**0.88**

Source: Computed from Primary Data

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The mean score on empathy ranges between 2.76 to 3.14 for the six variables, which shows a fair performance by banks in being empathetic to customers while providing grievance redressal services. The mean value is highest 3.14 for the variables, 'Efforts to Understand,' 'Customers' Best Interest' and 'Sincere Concern'. Thus, it is clearly understood that the perception is average towards these parameters of empathy given by banks. The least rated parameters are, 'Polite and Courteous' (3.01) 'Personal Attention' (2.81) and 'Individual Attention' (2.76) and banks need to improve such parameters of empathy. Thus, banks are required to make necessary efforts to provide individual and personal attention to the customers, being polite and courteous towards resolving problems of the customers.

From the above analysis, it can be clearly inferred that the bank customers perceive 'Tangibles', 'Accessibility' and 'Assurance' as the dominating service quality dimensions of CGRS. Furthermore 'Reliability,' 'Responsiveness' and 'Empathy' are the limiting factors of CGRS which are required to be improved for proper implementation and increasing effectiveness of the grievance redressal system in the Indian banks.

V CONCLUSION

The bank customers perceived high level of agreement with 'Tangibles,' 'Accessibility' and 'Assurance' dimensions of CGRS. Whereas, 'Reliability,' 'Responsiveness' and 'Empathy' are the limiting factors of CGRS which are required to be improved for proper implementation and increasing effectiveness of the grievance redressal system in the Indian banks. The limiting factors provide a prospect for banks to review their procedures and amend them; they are opportunities to grow more satisfying relationships with clients. Furthermore, from the customers' perspective, Tangibles, Accessibility and Assurance are identified as limiting factors of CGRS which are required to be improved for proper implementation and increasing effectiveness of the grievance redressal system in the Indian banks.

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