

An Empirical Study of Customer Complaints : Nature, Extent, and Strategies for Mitigating Complaints

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Abstract

The study identifies trends in bank customer complaints from 2017-18 to 2020-21, as well as the nature of complaints, mode of complaints, and the components of complaints. Nature-wise, most complaints pertain to deposit accounts, electronic banking e-delivery channels, housing loans, and pension accounts. The north and west zone of India have the highest number of complaints. Indian urban and metropolitan cities have the most complaints by population group. Lack of awareness, illiteracy, rigidity, growing hackers, complicated procedures, ignorance of customers, and bankers' lack of generosity and fairness towards their customers are the main causes of complaints. By creating awareness about e-channels, a strong know your customer policy, and implementing RBI guidelines regularly, banks can reduce or mitigate these complaints to a large extent.

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I. Introduction

WHEN A BANK is unable to provide assistance in accordance with the needs of its customers, it has a negative impact on service quality, and customers become dissatisfied and when investors don't take care of the issue of customers, then, at that point, customers raise numerous grievances to the higher specialists. In the financial area, RBI has made a different ombudsman office which manages bank customers complaints predominantly in regards to store account, advances, e-banking, the toll of charge without earlier notification, benefits, non-recognition of reasonable practices, disappointment on responsibility, and disappointment of obligation to code and others. This office is required to address complaints

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channels. Trends in complaints have been on the vertical side in many cases. However, foreign banks have comparatively few complaints. This is due to the proper supervision, management, and the small number of branches in rural areas. The most common complaints are regarding deposits, loans, credit cards, and mobile banking/electronic banking. By population group, urban and metropolitan areas have the most complaints. In the electronic-age, the most popular complaint channels are online and email. Banks and NBFCs have engaged with digital lending applications during the past few years. These digital lenders are not always transparent about their partner banks/NBFCs, resulting in a rise in complaints. To reduce consumer complaints and prevent future occurrences of similar issues, banks must identify the root cause of the issue. By creating awareness about e-channels, a strong know your customer policy, and implementing RBI guidelines regularly, banks can reduce or mitigate these complaints to a large extent. Information concerning consumer grievances might also contribute to the development of future financial services that are customer-tailored.

6.1 Implications

The main implications are that all banks, particularly public sector banks, should take complaints seriously otherwise their customers may switch to other bank groups. By creating awareness among the masses, many complaints regarding e-banking can be resolved. The bank should treat the grieved party fairly, politely, and show generosity to the complainant. Bankers should pay close attention to their customers. Customers should be treated like family members and they should not be humiliated in any case.

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