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A Study On Customer Perception Of The Reserve Bank Integrated Ombudsmen Scheme (2021): With Special Reference To Complaints And Future Prospects

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ABSTRACT

The **Reserve Bank Integrated Ombudsman Scheme (RB-IOS), 2021** was launched by the Reserve Bank of India to merge the earlier Banking, NBFC, and Digital Transactions Ombudsman schemes into a single, unified grievance redressal framework. The scheme follows a “*One Nation – One Ombudsman*” approach, removing jurisdictional limits and simplifying complaint filing through a centralized portal, email, and processing centre. It aims to provide cost-free, speedy resolution of customer complaints related to deficiency in services by entities regulated by RBI, such as banks, NBFCs, and payment system participants. Customers can file grievances online, by email, or through physical submission, and track their status centrally. The scheme also includes additional entities like certain cooperative banks, expanding its coverage. Recent trends show rising complaint volumes, highlighting both increased customer awareness and ongoing service issues. Customer perception varies, with ease of access appreciated but delays in resolution remaining a concern. The study analyzes these perceptions and offers insights into improving complaint handling efficiency, transparency, and future prospects of the RB-IOS mechanism.

KEYWORDS

Reserve Bank Integrated Ombudsman Scheme (RB-IOS) 2021, Customer Perception, One Nation One Ombudsman, Complaint

INTRODUCTION

The **Reserve Bank Integrated Ombudsman Scheme (RB-IOS), 2021** was launched by the Reserve Bank of India on 12th November 2021 to create a unified and simplified grievance redressal mechanism for customers of financial institutions. The scheme merges three earlier ombudsman schemes — Banking Ombudsman, NBFC Ombudsman, and Digital Transactions Ombudsman — into one comprehensive framework. This integration aims to provide a centralized, cost-free platform where customers can lodge complaints related to *deficiency in service* by regulated entities like banks, NBFCs, payment system participants, and credit information companies

Under RB-IOS, the grievance redressal process is jurisdiction neutral, following a “*One Nation – One Ombudsman*” approach, which removes geographical limitations and offers a single portal, email, and address for complaint filing. A Centralised Receipt and Processing Centre (CRPC) handles initial complaint processing and makes the system more efficient and user-friendly. The scheme requires regulated entities to respond to complaints within 30 days; if not resolved satisfactorily, customers can take the matter to the Ombudsman.

RB-IOS has expanded the coverage to include additional entities such as non-scheduled primary co-operative banks with deposits above ₹50 crore, ensuring wider consumer protection. Since its implementation, the number of customer complaints has increased substantially, indicating rising awareness as well as challenges in financial service delivery. The scheme plays a vital role in strengthening trust and accountability between customers and financial institutions while highlighting areas for future improvements in complaint resolution processes.

LITERATURE REVIEW

Yadav (2021) A Study of Grievance Redressal Mechanism in Banking Industry in India examined how well the existing grievance redressal mechanisms functioned within the Indian banking sector. He noted that although the Banking Ombudsman Scheme was available as a regulatory redressal platform, customers often found the procedure slow and lacking transparency. The study emphasized that there were not fully aware of the structured stages of complaint filing and escalation, which limited effective utilization. A critical gap between the policy framework, which seeks to ensure fairness, and its practical implementation on the ground, where delays and lack of clarity discouraged customers. This makes awareness-building campaigns and simplification of processes crucial under the Integrated Ombudsman Scheme.

Singh (2021) in his paper analyzed the grievance redressal mechanism of the Indian banking system and emphasized the increasing number of complaints rising transaction volumes. Their findings revealed that while awareness about the Banking Ombudsman Scheme was moderate, many customers still found the process complicated and time-consuming. The study highlighted that customers preferred resolving disputes directly with banks due to faster turnaround times, but when unsatisfied, they reluctantly turned to the Ombudsman as a last resort. The researchers underlined that improving awareness and simplifying procedural steps could encourage customers to approach the Ombudsman more confidently, thus enhancing the credibility of the mechanism.

Haritha (2024) Carried out a survey-based study titled “Customer Awareness and Utilization of Banking Ombudsman Schemes in Kerala.” They found out that general awareness about the scheme was relatively high in the region, actual utilization was low. Customers often expressed a lack of confidence in the Ombudsman’s ability to resolve disputes promptly, and this hesitancy restricted the scheme’s reach. The study also suggested that misconceptions about eligibility of complaints and fear of long delays prevented customers from pursuing their grievances through this channel. This finding is highly relevant in the context of the Integrated Ombudsman Scheme, which seeks to centralize and streamline access to dispute resolution.

Govindarajan, (2024) In a follow-up study titled “Effectiveness of Banking Ombudsman in Resolving Customer Disputes,” extended their research to measure how effectively customers perceived the Ombudsman’s functioning. They reported that many cases did receive resolutions, delays, lack of clarity in communication, and procedural complexities lowered the satisfaction levels among users. This state that customers were aware of the platform but often unwilling to fully utilize it due to perceived inefficiencies. The authors concluded that confidence in utilization is linked not just to awareness but also to the consistency of outcomes delivered by the scheme.

Sengupta, (2020) A city-level study conducted in Guwahati, titled “*Perception of Customers on Banking Ombudsman Scheme: A Study with Special Reference to Guwahati City,*” revealed that many customers did not fully understand the scheme’s procedures and eligibility criteria. This lack of clarity resulted in confusion and low usage of the system. Sengupta noted that customer perceptions were strongly shaped by service quality, communication gaps, and how fair the process appeared to them. Although people were generally aware that the scheme existed, limited financial literacy and insufficient customer education prevented them from using it effectively. The findings highlight the importance of targeted awareness efforts, particularly in semi-urban and regional areas, under the Integrated Ombudsman Scheme.

Rupani, (2022) An analytical review of the performance of the Banking Ombudsman Scheme in India. They concluded that although awareness levels had improved compared to earlier years, customer knowledge about specific rules, complaint filing requirements, and timelines remained incomplete. Their research noted that while customer satisfaction showed positive trends, inefficiencies such as slow processes and lack of clarity reduced the practical utility of the scheme. This suggests that higher awareness without corresponding procedural clarity does not automatically lead to higher utilization. The findings are crucial for the Integrated Ombudsman Scheme, which aims to improve accessibility and usability for all customers.

OBJECTIVES

- * To evaluate the awareness level of customers regarding the Reserve Bank Integrated Ombudsman Scheme (2021).
- * To assess the satisfaction level of complainants with the grievance redressal mechanism provided under the scheme.

HYPOTHESIS

Hypothesis 1

- H_0 : Customers are not adequately aware of the Reserve Bank Integrated Ombudsman Scheme (2021).
- H_1 : Customers are adequately aware of the Reserve Bank Integrated Ombudsman Scheme (2021).

Hypothesis 2

- H_0 : People perceive the RBI Integrated Ombudsman Scheme as an ineffective mechanism for grievance redressal.
- H_1 : People perceive the RBI Integrated Ombudsman Scheme as an effective mechanism for grievance redressal.

SCOPE OF THE STUDY

Coverage of regulated entities:

The study will assess customer experiences with the Integrated Ombudsman Scheme (IOS) across banks, NBFCs, payment system operators, and other entities regulated by the RBI under the scheme.

Complaint Filing and Resolution Process:

It will examine how customers file complaints (online portal, email, physical submissions) and their perceptions of the efficiency, accessibility, and ease of the grievance redressal process under the IOS.

Awareness and Accessibility:

The study will measure customers' awareness of the existence and features of the Integrated Ombudsman Scheme as well as their understanding of how to access it.

Customer Satisfaction and Trust:

It will measure customer satisfaction with resolutions provided, including whether they feel the IOS is more streamlined compared to the earlier fragmented ombudsman frameworks, and their confidence in the scheme's fairness.

Future Prospects and Improvements:

The study will identify gaps and challenges in the IOS from the customer's perspective and suggest areas for future improvements to make the grievance redressal mechanism more transparent, efficient, and trusted.

DATA INTERPRETATION AND ANALYSIS

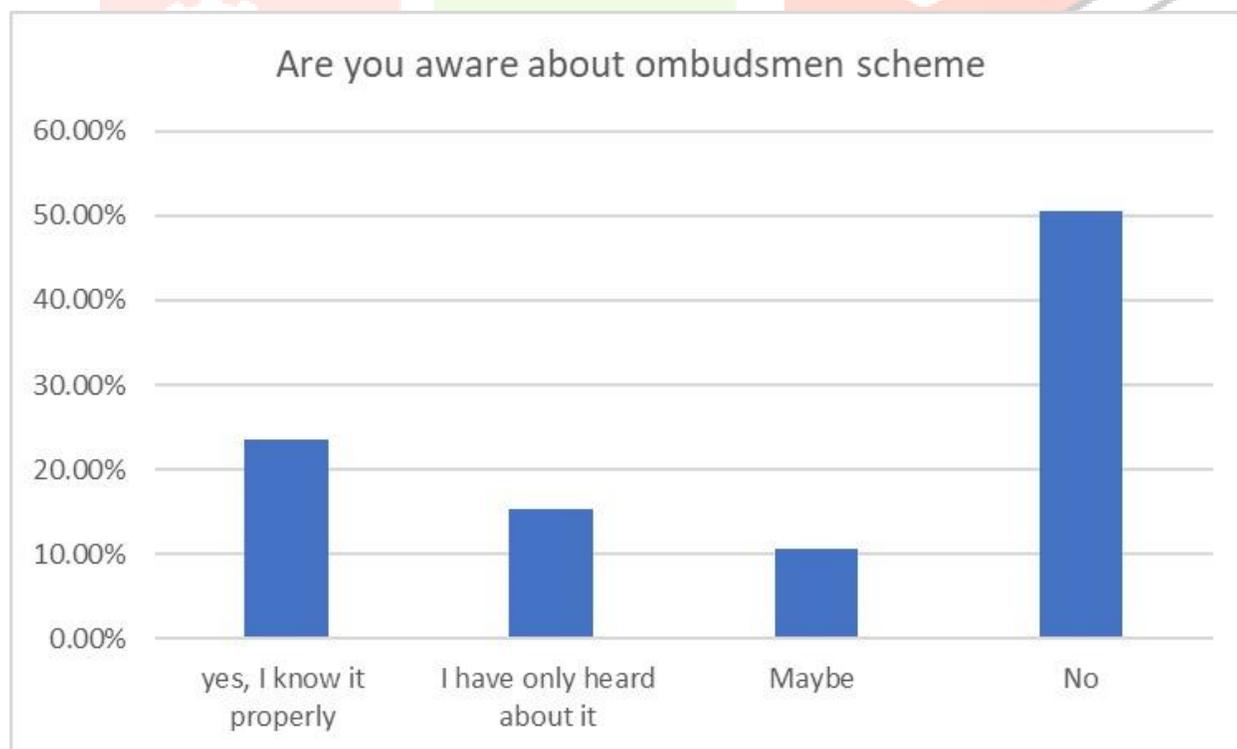


Diagram 1.1 Awareness about the Ombudsman Scheme

The first graph depicts the level of awareness among respondents regarding the Ombudsman Scheme. It is observed that 50% of the respondents are not aware of the scheme at all, indicating a significant lack of knowledge among the public. About 23% of the respondents stated that they know the Ombudsman Scheme properly, while 15% mentioned that they have only heard about it, suggesting partial awareness. Additionally, 10% of the respondents selected “Maybe,” reflecting uncertainty or confusion regarding the scheme. Overall, **the findings reveal that awareness about the Ombudsman Scheme is relatively low, highlighting the need for increased public education and awareness initiatives.**

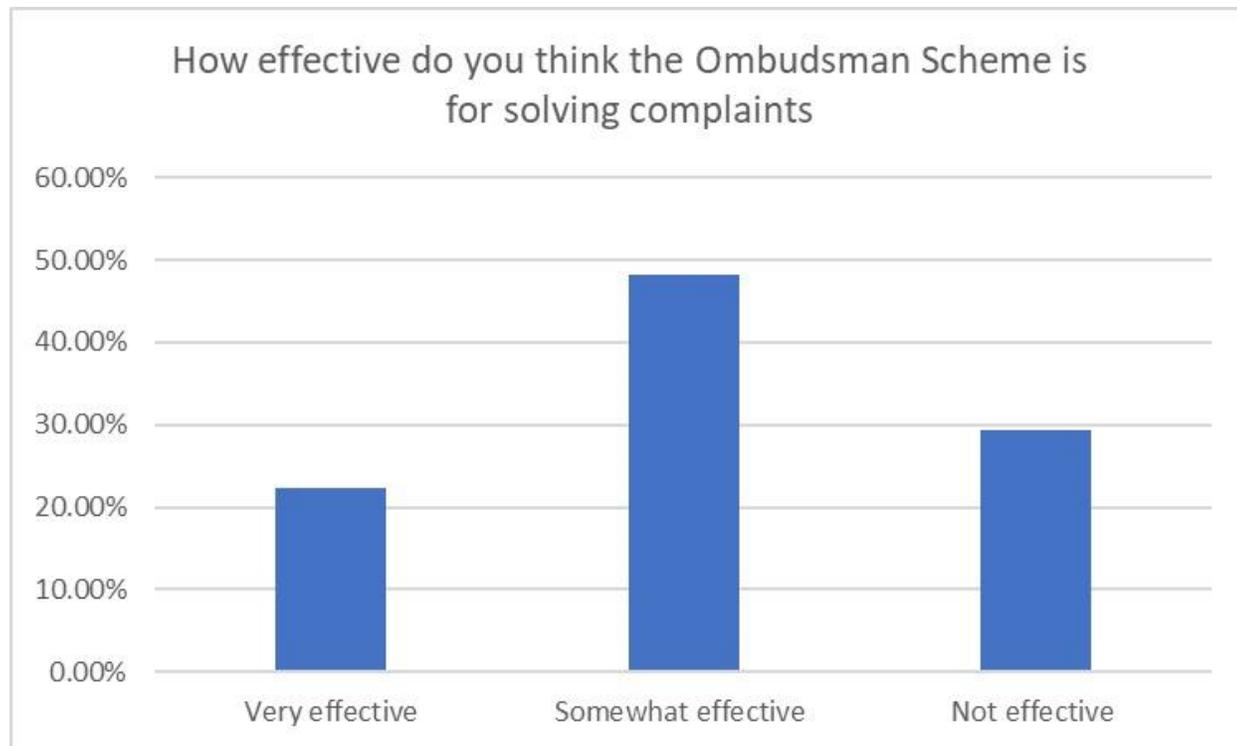


Diagram 2.1 Effective about the Ombudsman Scheme

The second chart illustrates respondents’ perceptions of the effectiveness of the Ombudsman Scheme in resolving complaints. A majority of respondents, 48.2%, believe that the scheme is somewhat effective, indicating moderate satisfaction with its functioning. About 29.4% of respondents feel that the scheme is not effective, highlighting a notable level of dissatisfaction. Only 22.4% of respondents consider the scheme to be very effective. **These results shows that while the Ombudsman Scheme is helpful to some extent, many respondents believe that its efficiency and outcomes need improvement.**

TESTING OF HYPOTHESIS

Hypothesis 1

- H_0 : Customers are not adequately aware of the Reserve Bank Integrated Ombudsman Scheme (2021).
- H_1 : Customers are adequately aware of the Reserve Bank Integrated Ombudsman Scheme (2021).

Observed data from survey

- Respondents who agreed or strongly agreed that customers are aware Reserve Bank Integrated Ombudsman Scheme (2021).

Yes, I know it properly (23.5%)+ have only heard the name (15.3%)= (38.8%)

Respondents who disagreed or maybe that customers are aware Reserve Bank Integrated Ombudsman Scheme (2021).

No (50.6%) + maybe (10.6%)= (61.2%)

Out of 85 respondents, a clear majority believe that people do not have idea about Reserve Bank Integrated Ombudsman Scheme (2021).

Interpretation

Since a significantly higher percentage of respondents acknowledge that people does not have idea about the ombudsmen scheme so the result of it is very much evident.

Result

The null hypothesis(H0) is accepted.

Alternative hypothesis (H1) is rejected.

Hypothesis 2

- H₀ : People perceive the RBI Integrated Ombudsman Scheme as an ineffective mechanism for grievance redressal.
- H₁ : People perceive the RBI Integrated Ombudsman Scheme as an effective mechanism for grievance redressal.

Observed data from survey

- Respondents agrees or strongly agrees that the RBI Integrated Ombudsman Scheme as an effective mechanism for grievance redressal.

Very effective (22.4%) + Somewhat effective(48.2%)

- Respondents who find out RBI Integrated Ombudsman Scheme as an effective mechanism for grievance redressal. As Not effective are

Not effective (29.4%)

Out of 85 respondents, a clear majority believe that people finds the RBI Integrated Ombudsman Scheme as an effective mechanism for grievance redressal as effective or somewhat effective.

Interpretation

Since a much higher percentage of respondents acknowledge that people finds it effective.

RESULT

- The null hypothesis(H_0) is rejected
- The alternative hypothesis (H_1) is accepted

Findings of The Study

- The study states that awareness about the Ombudsman Scheme among respondents is generally low, with many respondents lacking clear knowledge about the scheme and its functions, indicating insufficient public outreach and awareness efforts.
- Only a small section of respondents reported having proper knowledge of the Ombudsman Scheme, while others had merely heard about it or were uncertain about their awareness, suggesting confusion and limited understanding of the scheme.
- These findings highlight the need for stronger awareness programs and educational initiatives to inform the public about the role and importance of the Ombudsman Scheme.
- The study also shows mixed opinions among respondents regarding the effectiveness of the Ombudsman Scheme in resolving complaints, reflecting varying user experiences.
- Many respondents perceived the scheme to be only moderately effective, while a noticeable number believed that it was not effective, indicating dissatisfaction with the grievance redressal process.
- Only a limited group of respondents considered the Ombudsman Scheme to be very effective, suggesting that improvements are required to enhance public trust and satisfaction.
- With the regard to the complaint-filing process, most respondents reported that they did not face major difficulties, indicating that the system is generally accessible and manageable.
- However, a considerable number of respondents experienced challenges while filing complaints, particularly due to lack of proper guidance and technical issues with the online portal.

- These procedural and technical difficulties may act as barriers and reduce the effective utilization of the Ombudsman Scheme by potential users.
- Overall, the study concludes that while the Ombudsman Scheme has the potential to serve as an effective grievance redressal mechanism, improving awareness, providing clearer guidance, and strengthening technical infrastructure are essential to enhance its overall effectiveness.

SUGGESTIONS OF THE STUDY

Increase awareness campaigns so that more customers know about the Integrated Ombudsman Scheme, how to file complaints, and the eligibility criteria, especially in rural and semi-urban areas.

- **Reduce resolution turnaround time** by setting stricter internal timelines and monitoring mechanisms to ensure faster disposal of complaints and better customer satisfaction.
- **Provide regular updates to complainants** through SMS or email alerts at each stage of the complaint process to enhance transparency and trust in the system.
- **Strengthen outreach to vulnerable groups** such as senior citizens, women, and first-time digital banking users through workshops and dedicated help desks.
- **Expand capacity of Ombudsman offices** by adding more specialised staff and regional offices to handle increasing complaint volumes without backlog.
- **Conduct periodic reviews of the scheme's performance** to update procedures, incorporate new technologies, and strengthen consumer protection in line with evolving financial services.

LIMITATIONS OF THE STUDY

1. Geographical Limitation:

The study may be confined to a specific city, region, or state due to time and resource constraints. Therefore, the findings may not fully represent the perceptions of customers across the entire country

2. Awareness Constraint:

Many customers may not be fully aware of the Integrated Ombudsman Scheme, which may affect their ability to provide detailed responses. This lack of awareness can restrict the depth of insights gathered

CONCLUSIONS

The **Reserve Bank Integrated Ombudsman Scheme (RB-IOS), 2021** has significantly modernized the grievance redressal framework by integrating three earlier ombudsman schemes into a unified, cost-free and customer-friendly mechanism. The Scheme has helped customers lodge and escalate complaints against banks, NBFCs, payment systems, and other regulated entities through a centralized process under one platform. Data from recent annual reports shows a notable increase in complaint volumes, indicating both greater customer awareness and persistent service issues within financial institutions. Despite the rise in complaints, the scheme has achieved a high resolution/disposal rate, with approximately 95% of complaints disposed in a given period,

reflecting its effectiveness in addressing customer grievances. Customers generally appreciate the streamlined complaint filing and jurisdiction-neutral approach, though concerns remain regarding timely resolution and communication effectiveness. The study highlights that while RB-IOs has strengthened consumer protection, continuous improvements in processing efficiency, awareness campaigns, and digital tools are needed to enhance customer satisfaction further. Looking ahead, opportunities lie in leveraging technology, expanding outreach, and ensuring faster redressal to build stronger confidence in the financial grievance redressal ecosystem.

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