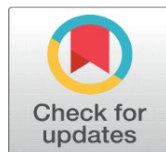


# AN EMPIRICAL EVALUATION OF CUSTOMER PERCEPTIONS ON COMPLAINT REDRESSAL MECHANISMS ACROSS DEMOGRAPHIC SEGMENTS IN THE BANKING SECTOR

Bala Khanna <sup>1</sup>

<sup>1</sup> Head, Department of Commerce Mata Sahib Kaur Girls College, Gehal, India



DOI

[10.29121/shodhkosh.v5.i5.2024.5727](https://doi.org/10.29121/shodhkosh.v5.i5.2024.5727)

**Funding:** This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

**Copyright:** © 2024 The Author(s). This work is licensed under a [Creative Commons Attribution 4.0 International License](#).

With the license CC-BY, authors retain the copyright, allowing anyone to download, reuse, re-print, modify, distribute, and/or copy their contribution. The work must be properly attributed to its author.

## ABSTRACT

This paper studies the Customers perspective towards grievance redressal systems in Indian Bank Industry. The data collected from 300 respondents are used in the research to determine the constituents of the assurance, access and reliability. The results indicate that customers believe that the assurance, accessibility and reliability of the grievance lodging mechanism is moderate. In addition, there were statistically significant variations in the perception based on gender, marital status, training level and age. The findings have implications for banks on how they perceive customer expectations and how they can improve on handling customer complaints. The research indicates that, there is a strong need for an efficient and personalised complaint handling process, as well as for further improvement in the accessibility and transparency of procedures. The result also highlights the necessity of banks in terms of training of staff, providing the clear and full information and timely impact and resolution of customer complaints. The study adds to our understanding regarding customer satisfaction and provides managerial implications to improve the grievance redressal process. Further study may also investigate big data, culture, and the roles of social media.

**Keywords:** Grievance Redressal Mechanism, Customer Perception, Banking Sector in India, Service Quality Dimensions, Complaint Handling and Satisfaction



## 1. INTRODUCTION

In an increasingly dynamic global financial market, the sector of banking plays a pivotal role in advancing the economic activities, and the administration of financial assets and maintaining the economic stability of the economies across the world. The secret behind the success of this sector is not just that it offers a lot of financial products, but also that they are maintained to serve the clients' needs and issues urgently and effectively. A bank's effectiveness in managing customer grievances is indeed a test of its customer orientation, and will dictate its survival and brand in the long run. We undertake an extensive analysis of the approach of the banking sector on grievance redressal and make attempt at identifying the extent to which demographic characteristics processes influence perceptions about different determinants of grievance resolution in a Pakistani banking industry. Such a comprehensive and through research on customer s perceptions with complaint redressal mechanism in banking sector falls aptly under the purview of the title "Demographic analysis of customer s perceptions with complaint redressal mechanism in banking sector". Through exploring the complex relationship between demographic factors and customer perceptions, this research is designed to yield subtle insights which may have profound implications to the way grievance redressal processes are designed and implemented in the banking sector. Banks, in the confluence of financial knowledge and clientele service, are perhaps

the best laboratory to explore the way in which complaint redressal mechanisms are used and perceived by various categories of customers in an open economy (Khan,2016). Expectations towards grievance redressal are expected to differ as the banking services are utilized by members of differing age groups, income classes, educational spheres and different cultural values. Understanding these nuances is key for developing and implementing redressal mechanisms which would be relevant for each demographic cohort. This research effort has not only made an important contribution to the vast literature on customer relationship management, but also has direct implication for banking organizations interested in enhancing their customer focused approach. We draw on empirical evidence to tease out some wheels-within-wheels that drive customer perceptions, with implications for designing more effective, targeted, inclusive grievance redressal. In this way, the present study fills the gap between the theory and practice, thereby enabling the banks to streamline the operations and strengthen the trust of the customers in the face of changing financial environment. In developing insights into the demographics of grievance redressal, this study attempts to contribute towards a more inclusive, responsive, and effective banking industry, ready and willing to serve to its varied customer base.

## **2. REVIEW OF LITERATURE AND RESEARCH GAP**

Khan and Singh (2021) evaluated the customer grievance redressal mechanisms in Indian banks. They applied a questionnaire survey to measure customer's perceptions and satisfaction over the complaint procedures. The results of the study indicated different levels of satisfaction among banks, along with lack of transparency, delays and communication difficulties. But also positive aspects could be discovered such as being satisfied with complaint handling and the readiness to make amends. They suggested that we increase transparency, responsiveness and use of technology to improve the grievance redressal system and overall customer satisfaction. Desai and Josbi (2020) have done a study on customer satisfaction of grievance redressal machinery in retail banks in India. The results showed banks differed in how successful they were at resolving customer issues. Good results featured prompt resolution, clear communication, and from the outset. But the review found some "less encouraging" findings, including about delays, responsiveness, and transparency. The research suggested that responsiveness, efficiency, communication linkages and transparency should be adopted to improve customers' service satisfaction. Sharma and Chauhan (2019) have studied grievance redressal mechanism in public sector banks for their effectiveness from the customer point of view. Mixed perception based on the customer's feedback (satisfied and unsatisfied) was observed following all the findings of the study which fringes on delays and poor customer's communication. The study suggested that to enhance customer satisfaction about the grievance redressal mechanism in public sector banks, efficiency of complaints handling, timely redressal, transparency, and effective communication should be developed. Verma et al. (2018) examined the perception of bankers as far as the quality of customer grievance redressal services in banks is concerned. Their research determined that responsiveness, empathy, reliability, and assurance had a substantial impact on service quality. Respondents perceived high levels of satisfaction overall, yet low satisfaction in areas of response, communication, and fairness exists. The research suggested that banks should look for ways to improve these dimensions in order to increase customers' contentment and loyalty. Although such researches have already been undertaken on the customer perception to redressal of complaints mechanism in banking sector, there is scarcity of literature on customer perception based demographic analysis to such mechanisms. Past studies have mainly concentrated on the evaluation of customer satisfaction, complaint handling, and determinants of service quality. Only limited literature focuses precisely on how consumer perceptions and satisfaction with redress of grievances mechanisms varies across demographic groups : age, sex, income and education. Knowledge of these variances can enable banks to understand the requirement levels and preferences of different customer groups and to customize the grievance redress mechanism accordingly. Furthermore, investigation into the demographic analysis of consumer perception can aid in achieving a broader view toward the determinants of consumer satisfaction with a view to identify the areas requiring improvement in the redress of complaints in the banking industry.

## **3. OBJECTIVES OF THE STUDY**

This study covers the following three main objectives- (i) To investigate the individual factors such as assurance, accessibility, reliability etc., those have its direct bearing on the customer perception with regard to grievance redressal mechanism in banking context (ii) To study the significant differences among the customers with respect to their

perception of complaint redressal against banking services with respect to demographic characteristics like gender, marital status, education, age etc., (iii) To suggest suitable measures to operationalize the personalized effective complaint resolution system by laying increased function on accessibility and transparency of complaint redressal procedures.

#### 4. RESEARCH METHODOLOGY

The approach followed in this study may be characterized as empirical and research targets the gathering of primary data from bank clients personally. In order to control employee engagement, a well-structured questionnaire was used after reviewing literature thoroughly. A total of 300 customers were included in the sample space and the data were collected personally. The collected data were coded and entered into MS Excel for analysis. Data were analyzed using the SPSS (V.23) software and an extensive review and screening procedure was performed to exclude anomalies. Homogeneity of variance was tested using Levene's test showing that the assumption had been met. Therefore, the present mode of enquiry is found to be descriptive, where an attempt is made to describe as a whole what customers feel and perceive about the complaint redressal mechanisms in the banking industry, maintaining the reliability and validity of the results through data screening process and statistical techniques.

#### 5. RESULTS AND DISCUSSIONS

Table 1 Baseline characteristics of the study population. The sample size was containing 300 respondents. With regard to gender, 66.0% were male and 34.0% female. With respect to marital status, 56.7% of them were single and 43.3% were married. The age distribution revealed that most of participants (58.3%) were 18-30 years old. The second largest age group was 40 to 60 years (24.0%), 30 to 40 years (14.3%) and above 60 years (3.3%). With respect to the level of education, 15.3% were under graduate, 25.7% were graduates, 52.7% were post graduates and 6.3% were professionally qualified.

**Table 1** Demographic Profile of Respondents

		Frequency (n=300)	Percent (%)
Gender	Male	198	66.0%
	Female	102	34.0%
Marital Status	Single	170	56.7%
	Married	130	43.3%
Age group	18 to 30 years	175	58.3%
	30 to 40 years	43	14.3%
	40 to 60 years	72	24.0%
	Above 60 years	10	3.3%
Educational Qualification	Undergraduate	46	15.3%
	Graduate	77	25.7%
	Post-graduate	158	52.7%
	Professional	19	6.3%

**Table 2** Bank Account of Respondents

	Count (n=300)	Column N %
<b>Public Sector Banks</b>		
SBI	179	59.7%
PNB	52	17.3%
CANARA BANK	16	5.3%
BOB	11	3.7%
BOI	10	3.3%

CBI	21	7.0%
Other public sector bank	39	13.0%
Total -1	328	62.72%
<b>Private Sector banks</b>		
HDFC	69	23.0%
ICICI	18	6.0%
AXIS	47	15.7%
BANDHAN	15	5.0%
IDBI	12	4.0%
INDUSIND	13	4.3%
Other private sector bank	21	7.0%
Total-2	195	37.28%
Grand total (total-1 + total-2)	523	

Table 2 describes the spread of bank accounts for the survey respondents. The majority of the respondents were from the public sector banks, of which State bank of India (SBI) had the highest number of respondents (59.7%), followed by Punjab National Bank (PNB) (17.3%). The other public sector banks contributed 13.0 per cent of the bank accounts of the respondents. For private sector banks, HDFC had the highest share at 23.0%, followed by Axis Bank at 15.7%. The rest of the private sector banks had 18.58 per cent of the bank accounts of the respondents. The number of bank accounts, both public and private sector together, was 523.

**Table 3** Customers' knowledge about Where to Register the Complaint

	Frequency (n=300)	Percent (%)
No	73	24.3
Yes	188	62.7
Take assistance from others	39	13.0
Total	300	100.0

The customers' awareness in terms of where to submit a complaint appears in Table 3. Of the respondents, 62.7% answered "Yes", suggesting that they knew where they could lodge a complaint. Meanwhile, 24.3% answered "No" meaning that they did not know where they could lodge a complaint. And 13.0% of the participants would rely on others for help in exercising their right to complain.

**Table 4** Number of times Complaints registered by Customers?

	Frequency	Percent
Twice	59	19.7
Once	144	48.0
Many times	97	32.3
Total	300	100.0

Table 4 shows how many times customers complained. The sample size for the study is 300. From the table, we see that 48.0% of the clients had registered a complaint one time, and 32.3%, more than once. Moreover, 19.7% of customers claimed to have complained on another occasion previously.

**Table 5** Descriptive statistics of factors of Perception towards Grievance Redressal Mechanism

	Mean	Std. Deviation
Assurance	2.47	0.96
Accessibility	2.44	0.94
Reliability	2.43	0.98

The average score of 2.47 signifies that customers, on an average, feel that there is a moderate amount of Assurance in the grievance redressal system of the bank. This means also that, customers have some hope and faith in the bank's power to solve their problems. The variability of customers' perception of Assurance was 0.96 as indicated by the standard deviation. It suggests that the responses to the level of trust and confidence in the redressal mechanism vary from trust to lack of trust. This variability indicates that some customers may feel more trusting and confident than others or may harbour more skepticism or uncertainty. The average score of 2.44 shows that customers perceive overall average level of Accessibility in bank's redressal system. This indicates that customers believe that the complaint handling mechanisms of the bank are relatively accessible and user-friendly. The value of the standard deviation 0.94 illustrates the differences between how each participant perceives the accessibility. This suggests that for some customers it is fairly easy to access and use the complaints system, but harder or at least less accessible for others. This variation indicates that the bank's accessibility initiatives are seen differently by various customers. The overall mean score of 2.43 reveals that in Average customers have only moderate perception towards Reliability of grievance redressal mechanism of the bank. It appears that the bank did lived up to resolve and satisfy their customers complaints part, as a customer believes that the bank have always lived up to his expectations. The standard deviation of 0.98 indicates the spreadiness of customers' perception of Reliability. It shows that to some customers bank grievance redressal mechanism is more reliable and consistent, while few have concerns or doubts regarding bank official redressal. This deviation demonstrates the bank's need to increase its fluent in customer complaint resolution.

## 5.1. ANALYSIS OF CUSTOMERS' PERCEPTION TOWARDS GRIEVANCE REDRESSAL MECHANISM OF BANKS WITH RESPECT TO DEMOGRAPHICS

In the study of customer perception toward banks' grievance redressal mechanism across demographics, the researchers gained an insight into how various segments of customers viewed the efficiency and satisfaction from the complaint redressal procedures. Depending on the type of the customers' characteristics and its relation to their perceptions on these issues, the bank it is able to determine any differences or trends, which may exist and to enable banks to better understand and meet the various needs and expectations of customers in the process of resolving grievances.

**Table 6** T-Test Comparing The Perception Towards Grievance Redressal Among Male and Female Customers

Component	Gender	N	Mean	Std. Dev.	t (df = 298)	p-value
Assurance	Male	198	2.53	0.93	1.57	.118
	Female	102	2.35	1.01		
Accessibility	Male	198	2.46	0.90	0.56	.575
	Female	102	2.40	1.00		
Reliability	Male	198	2.51	0.96	2.10	.036
	Female	102	2.26	1.01		

To test whether the perception of grievance redressal differs significantly between the male and female customers in respect of assurance, accessibility and reliability components, the t-test was used. The findings showed that gender-related differences in perception toward assurance and accessibility were insignificant between male and female customers. Yet as for perceived reliability male and female customers differed statistically significant. It implies different perception towards the dependability of the complaint handling system in banks of both male and female customers.

**Table 7** T-Test Comparing the Perception Towards Grievance Redressal Among Married And Unmarried Customers

Component	Marital Status	N	Mean	Std. Dev.	t (df = 298)	p-value
Assurance	Single/unmarried	170	2.27	0.90	-4.21	.000
	Married	130	2.73	0.98		
Accessibility	Single/unmarried	170	2.27	0.92	-3.56	.000
	Married	130	2.65	0.92		
Reliability	Single/unmarried	170	2.32	0.95	-2.23	.027

	Married	130	2.57	1.01		
--	---------	-----	------	------	--	--

The perception towards the grievance the married and unmarried customers with respect to assurance, accommodation and trust of the branch as elements of grievances redressal was compared using t-test. The finding of different perceptions between married and single customers infers that differences in the customers perceptions relative to the unmarried customer extend to all 3 dimensions. Customers who were married, felt more assured and could access facilities and services, had significantly higher mean perception score than those who were not married. Likewise in reliability, married customers have a greater mean perception score than unmarried customers. These differences are statistically significant ACM, and this is evidenced by the p values. These results indicate that that marital status can affect the perception of customers to the complaint handling of the banks.

**Table 8** ANOVA Results Comparing the Perception Towards Grievance Redressal Among Different Education Groups

Component	Education qualification	N	Mean	Std. Dev.	F	p-value
<b>Assurance</b>	Undergraduate	46	2.32	0.70	9.83	0.00
	Graduate	77	2.05	0.76		
	Post-Graduate	158	2.66	0.98		
	Professional	19	2.98	1.41		
<b>Accessibility</b>	Undergraduate	46	2.18	0.74	19.46	0.00
	Graduate	77	2.01	0.81		
	Post-Graduate	158	2.59	0.92		
	Professional	19	3.53	0.84		
<b>Reliability</b>	Undergraduate	46	2.23	0.72	8.28	0.00
	Graduate	77	2.09	0.80		
	Post-Graduate	158	2.57	1.02		
	Professional	19	3.08	1.29		

The comparison of perception on grievance redressal across education groups– Anova results There is statistically significant difference between various education groups in perception scores of the dimensions--Assurance, Accessibility and Reliability. The average perception for the professional component is the highest among all components for all three parts, then followed by the post-graduate, undergraduate, and graduate components. These results suggest that education level of the customers have a role in making the customers perception the grievances redressal system of the banks.

**Table 9** ANOVA Results Comparing the Perception Towards Grievance Redressal Among Different Age Groups

Component	Age	N	Mean	Std. Dev.	F	p-value
<b>Assurance</b>	18 to 30 years	175	2.31	0.89	11.13	0.00
	30 to 40 years	43	2.33	0.65		
	40 to 60 years	72	3.00	1.13		
	Above 60 years	10	2.00	0.44		
<b>Accessibility</b>	18 to 30 years	175	2.36	0.91	4.23	0.01
	30 to 40 years	43	2.44	0.55		
	40 to 60 years	72	2.72	1.14		
	Above 60 years	10	1.82	0.64		
<b>Reliability</b>	18 to 30 years	175	2.28	0.93	8.88	0.00
	30 to 40 years	43	2.28	0.60		
	40 to 60 years	72	2.93	1.13		
	Above 60 years	10	2.08	0.82		

The ANOVA results for the perception towards redressal of grievance in terms of age category showed that there were significant differences between the perception scores in the element of Assurance, Accessibility, and Reliability.



The age group (40–60) years showed the highest mean perception score for all three domains, followed by the other age groups (18–30) years, (30–40) years and > (60) years. These results reveal that age of the customer influences the view of the redressal mechanism in banks.

## 6. CONCLUSIONS AND MANAGERIAL IMPLICATIONS

The present study has knowledge of bank customers' grievance redressal mechanism, particularly the dimensions such as Assurance, Accessibility and Reliability. Perception was found to be significantly different across demographic characteristics, including gender, marital status, level of education and age groups. Indeed, male customers held higher mean perception scores of Assurance and Reliability than female customers, while married customers perceived all the components more positively. Customer perception was also affected by education qualification and age of customers, while customers who are post-graduate and professional, and age group 40–60 have higher mean scores. This discussion has significant implications for bank managers. First, it is important to identify the unique communication requirements and behaviors of segments of the population by age, gender, income and other demographic measures. Banks need to do more to customise their redressal mechanisms keeping in mind the fact that the context in which male/female, married/unmarried, different educational levels of age group of customers complain issue can be very different. Increasing assurance by fairly paying, training, treating, and communicating to the employee can help to raise customer satisfaction and loyalty. Accessibility increase by providing easy-to-use complaint tools and setting information for customer's convenience. In addition, focusing on reliability such as accurate grievance record, acceptable resolution of grievance, and polite behavior can inculcate trust and belief in the grievance redressal system. Subsequent research may explore the effect of culture on how customers perceive grievance redressal that can have significant implications for the banks conducting business in multicultural societies harsh process, thereby being better able to design and implement their strategies, with a view to meeting the needs and expectations of their clientele efficiently and effectively.

## CONFLICT OF INTERESTS

None.

## ACKNOWLEDGMENTS

None.

## REFERENCES

- Ahmad, S., & Khurshid, M. (2019). Evaluating the effectiveness of complaint redressal in the banking sector: A study of regulatory perspectives. *International Journal of Bank Regulation*, 20(4), 329-348.
- Basak, S. (2020). Grievance Redressal in Banking Sector in India: An Empirical Study. *Journal of Commerce and Accounting Research*, 9(1), 51-60.
- Chatterjee, P., & Banerjee, S. (2018). Assessing the effectiveness of complaint redressal in the banking sector: A study of consumer forum perspectives. *Journal of Consumer Policy*, 41(3), 255-276.
- Das, S., & Sharma, A. (2018). Effectiveness of complaint redressal in the banking sector: A study of ombudsman perspectives. *Journal of Financial Regulation and Compliance*, 26(1), 98-114.
- Desai, S., & Joshi, M. (2020). Evaluating customer satisfaction with the grievance redressal mechanism in retail banks: Evidence from India. *Journal of Indian Business Research*, 12(2), 173-193.
- Gupta, A., & Khanna, A. (2016). Consumer Protection in Banking Sector: A Comparative Study of Ombudsman Schemes in India and the United Kingdom. *International Journal of Economics, Commerce and Management*, 4(1), 36-45.
- Gupta, A., & Verma, S. (2017). Assessing the effectiveness of complaint redressal in the banking sector: A study of internal audit perspectives. *International Journal of Auditing*, 21(3), 388-405.
- Gupta, N., & Chatterjee, S. (2017). The role of consumer education in enhancing consumer protection awareness: A study in the insurance sector. *International Journal of Consumer Studies*, 41(5), 507-516.
- Gupta, R., & Sharma, P. (2016). Examining the effectiveness of consumer protection seminars in the banking sector. *Journal of Consumer Policy*, 39(2), 187-204.

- Gupta, R., & Sharma, P. (2017). A comparative study of customer and employee perspectives on grievance redressal mechanisms in the banking industry. *Journal of Financial Services Marketing*, 22(2), 100-112.
- Gupta, V., & Misra, R. (2017). Role and Effectiveness of Banking Ombudsman Scheme in India: An Empirical Study. *International Journal of Research and Analytical Reviews*, 4(3), 501-508.
- Jain, A., & Aggarwal, P. (2018). Evaluating the effectiveness of complaint redressal in the banking sector: An empirical study. *International Journal of Bank Marketing*, 36(7), 1261-1281.
- Jain, R. (2017). Effectiveness of Banking Ombudsman in Redressal of Customer Complaints in India. *Pacific Business Review International*, 9(3), 50-58.
- Jones, L., & Smith, K. (2018). Evaluating the effectiveness of customer education initiatives on consumer protection in the financial services sector. *Journal of Consumer Affairs*, 52(3), 602-624.
- Khan, N., & Ahmed, I. (2016). A study on the perception of customers and bank employees regarding grievance redressal mechanisms in the banking industry. *Journal of Service Science and Management*, 9(3), 280-292.
- Kumar, S., & Verma, R. (2017). Evaluating the impact of financial literacy campaigns on consumer protection awareness in the banking sector. *International Journal of Banking Studies*, 22(1), 100-117.
- Kumar, S., & Verma, R. (2020). Assessing the impact of financial literacy programs on consumer protection awareness in the banking sector. *International Journal of Bank Marketing*, 38(5), 1005-1022.
- Lee, H., & Kim, S. (2017). Evaluating the impact of financial literacy campaigns on consumer protection awareness in the banking industry. *International Journal of Consumer Studies*, 41(4), 452-468.
- Mishra, R., & Mishra, D. (2019). Examining the perception gap between customers and bank employees regarding grievance redressal mechanisms in the banking sector. *Journal of Consumer Satisfaction, Dissatisfaction, and Complaining Behavior*, 32(1), 20-35.
- Patel, M., & Shah, S. (2017). An empirical analysis of complaint redressal effectiveness in the banking sector: A study of regulatory compliance perspectives. *International Journal of Bank Regulation*, 18(4), 323-342.
- Patel, M., & Singh, A. (2019). An empirical analysis of customer education initiatives for data protection in the banking industry. *Journal of Banking and Information Security*, 35(3), 278-293.
- Patel, R., & Gupta, M. (2019). Examining the impact of consumer protection awareness campaigns in the banking industry. *Journal of Banking Regulation*, 20(2), 168-185.
- Patel, R., & Shah, M. (2020). Assessing customer and employee satisfaction with grievance redressal mechanisms in the banking sector: A comparative study. *International Journal of Business and Society*, 21(S1), 105-124.