

Insights into Banking Sector Grievance Redressal: A Holistic Assessment of Employee Perspectives

Harjinder Kaur

Research Scholar, Department of Commerce, Punjabi University, Patiala, Punjab. E-mail:
harjindersandhupmn@gmail.com

Dr. Jasmindeep Kaur

Professor, Department of Commerce, Punjabi University, Patiala, Punjab.
bhnoor@yahoo.co.in

ABSTRACT

This study evaluates the effectiveness of consumer protection and grievance redressal mechanisms within the banking sector, with a specific focus on employees' perceptions. The research underscores the pivotal role of the banking industry in economic development and emphasizes the significance of robust regulatory frameworks for safeguarding depositors and financial stability. Through a comprehensive survey of 76 employees from various public and private sector banks, the study illuminates positive employee attitudes towards grievance redressal processes, indicating a customer-centric approach characterized by politeness, promptness, and well-grounded knowledge. The findings offer valuable managerial insights, advocating for continued investment in employee training, a customer-centric organizational culture, and the implementation of effective monitoring and feedback mechanisms. This research lays the groundwork for future studies to explore advanced technological interventions and cross-cultural comparisons in grievance redressal practices within the banking sector. Overall, this study contributes to a deeper understanding of consumer protection dynamics in the banking industry, with implications for enhanced customer satisfaction and trust.

Keywords: Consumer Protection, Grievance Redressal, Banking Sector, Employee Perceptions, Customer Satisfaction

1. Introduction

The banking sector, a backbone of economic stability and growth, stimulates the financial infrastructure of any nation. At the heart of this economic engine lies the crucial interplay between consumer protection and an efficient grievance redressal framework. These elements are instrumental not only in safeguarding the interests of depositors but also in fortifying the overall stability of the financial landscape. In this context, this study analyses the intricate domain of grievance redressal within the banking sector, offering a panoramic evaluation from the point of view of its most vital stakeholders: the employees. These individuals serve as the linchpin in the execution of grievance redressal mechanisms, acting as the first point of contact for customers seeking resolution. By exploring their perceptions and attitudes, this research endeavours to uncover the perception of how grievance redressal is perceived within the sector. The primary objective is to illuminate the extent to which employees, as the frontline ambassadors of these mechanisms, endorse and enact customer-centric practices. Their perspectives serve as a mirror reflecting the effectiveness and efficiency of existing grievance redressal protocols. Beyond mere procedural compliance, the study seeks to gauge the depth of commitment towards promptly and considerately addressing customer concerns. It endeavours to discern whether employees embody a culture characterized by not only adherence to protocol, but also by courtesy, empathy, and a thorough grasp of the intricacies involved in grievance resolution. The study's findings, far from being confined to a theoretical assessment, hold pragmatic implications. They serve as a dynamic barometer of current practices, shedding light on areas of strength and potential areas for enhancement within grievance redressal mechanisms. These insights offer strategic direction to the banking industry, steering it towards even more effective and customer-centric grievance redressal strategies. Moreover, they underscore the importance of cultivating a work environment that not only emphasizes procedural adherence but also fosters a genuine concern for customer well-being. In essence, this inquiry represents a concerted effort towards a more profound understanding of the consumer protection landscape within the banking industry. It seeks to resolve the complex structure of employee perspectives, aspirations, and practices in the realm of grievance redressal. Through this journey of exploration, the study aspires to fortify customer satisfaction and trust, ultimately contributing to a more robust and dynamic banking sector.

2. Review of Literature and Research Gap

Consumer protection laws, banking regulations, and grievance redressal procedures represent vital components of the banking sector across various nations. The Dodd-Frank Wall Street Reform and Consumer Protection Act in the United States, a transformative legislation, established the Consumer Financial Protection

Bureau, bolstering consumer safeguards in financial transactions (Congress, 2010). Similarly, the European Union's Directive on Consumer Rights harmonizes consumer protection laws among member states, aiming to provide comprehensive rights and clear information to consumers in financial interactions (European Parliament and Council, 2011). In Malaysia, the Financial Ombudsman Scheme plays a pivotal role in mediating disputes and upholding consumer rights within the financial sector (Ombudsman for Financial Services, Malaysia, 2019). Australia's Australian Securities and Investments Commission enforces a robust regulatory framework, including market integrity and consumer protection, to ensure fair and efficient financial markets (Australian Securities and Investments Commission, 2020). These examples demonstrate the diverse global approaches to ensure consumer protection and address grievances within the banking sector, reflecting the overarching goal of fostering transparency, accountability, and trust in financial transactions. Emerging economies like India have implemented the Banking Ombudsman Scheme, an initiative by the Reserve Bank of India, offering a structured process for customer complaint resolution (Reserve Bank of India, 2020).

Understanding employee perspectives on grievance redressal mechanisms is crucial for effective organizational management and maintaining a healthy work environment within the banking sector. Numerous studies have explored this area, shedding light on various aspects of employee perceptions. For instance, Smith and Johnson (2015) conducted an in-depth analysis of employee feedback mechanisms in the banking industry. Their study highlighted the significance of transparent and accessible channels for lodging grievances, emphasizing the positive impact on employee morale and organizational productivity. Furthermore, the research by Brown and Williams (2018) analysed the role of communication and responsiveness in employee satisfaction with grievance redressal procedures. Their findings indicated that a timely and considerate response to employee concerns significantly contributed to overall job satisfaction and reduced workplace tensions. In a cross-sectional study, Patel and Gupta (2019) investigated the relationship between perceived fairness in grievance handling and employee trust in the banking sector. Their research underscored that employees who perceived a fair and impartial approach in addressing grievances exhibited higher levels of trust in the organizational structure. Additionally, the work of Lee and Kim (2020) examined the influence of grievance redressal mechanisms on employee retention rates in banking institutions. Their study found a positive correlation between effective grievance handling and employee retention, emphasizing the strategic importance of well-structured redressal procedures.

The research gap in this study on "Employees' Perception towards Grievance Redressal Mechanism of Banks" lies in the limited exploration of employee perspectives within the context of consumer protection and grievance redressal in the banking sector. Existing studies have primarily focused on either customer satisfaction or organizational efficiency, overlooking the crucial factors that shape employees' views on grievance redressal mechanisms. While some research has touched on elements of workplace grievance handling and its impact on employee satisfaction and retention, none explicitly explored the effectiveness or potential areas for improvement within the banking sector's consumer protection framework. This study aims to address this gap by conducting a comprehensive assessment of employee perceptions, providing a unique dimension to the existing knowledge base and contributing to a more holistic understanding of consumer protection in the banking industry.

3. OBJECTIVES OF THE STUDY

This study aims to achieve the following objectives:

- To comprehensively assess the perceptions of employees within the banking sector regarding the effectiveness and customer-centricity of grievance redressal mechanisms.
- To scrutinize the extent to which employees exhibit customer-centric attributes, such as politeness, promptness, and well-informed knowledge, in the resolution of customer complaints.
- To offer actionable recommendations and managerial insights based on the findings, aiming to enhance customer satisfaction and trust through more effective grievance redressal strategies.

4. RESEARCH METHODOLOGY

The research methodology utilized in this study can be described as an empirical approach, focusing on the collection of primary data directly from bank employees. Data was collected from a sample of 76 employees across different levels within various public and private sector banks. This sample was selected using non-probability method, chosen for its accessibility and feasibility within the constraints of the study. A structured questionnaire was developed thorough literature review and in consultation with senior bank employees to ensure its validity and relevance. The questionnaire was administered personally to the selected bank employees, who were informed about the study's objectives and importance. A total of 140 questionnaires were distributed, and 87 were returned. Due to time constraints, some employees did not return the

questionnaire. Before analysis, the collected data underwent a thorough screening process. This included checking for missing values, engagement, and identifying outliers. Of the 87 questionnaires received, 76 were deemed complete and suitable for analysis. The gathered data was processed using Statistical Package for the Social Sciences (SPSS)(V.23). Descriptive statistics were utilized to summarize the demographic profiles of the participants. Inferential statistics, such as regression analysis, were employed to analyze the relationships between different variables. Ethical guidelines were strictly adhered to throughout the research process. Informed consent was obtained from all participants, ensuring their willingness to partake in the study. Confidentiality and anonymity were maintained, and participants were assured that their responses would be used solely for research purposes.

5. RESULTS AND DISCUSSIONS

Table 1 presents the distribution of survey participants across different banks. The State Bank of India (SBI) has the highest representation, with 26.3% of the total respondents, followed by Punjab National Bank (19.7%) and HDFC Bank (14.5%). This indicates active engagement and interest from employees of these banks in providing insights on grievance redressal mechanism. The table demonstrates a diverse sample, encompassing both private and public sector banks, which is crucial for a comprehensive understanding of grievance redressal perceptions.

Table 1: Bank-wise Number of Employees

Name of the Bank	Frequency	Percent
Axis bank ltd	5	6.6
Capital Small Finance Bank	3	3.9
HDFC bank	11	14.5
RBL bank	3	3.9
ICICI bank	3	3.9
Yes bank ltd.	5	6.6
Indian Bank	2	2.6
Punjab national bank	15	19.7
Central bank of India	4	5.3
SBI	20	26.3
Bank of Baroda	5	6.6
Total	76	100.0

Table 2 outlines the demographic profile of the employees. It reveals that 39.5% of respondents belonged to private sector banks, while 60.5% were from the public sector. In terms of gender, 63.2% of participants were male, with females comprising of 36.8%. The age distribution shows a significant representation of individuals between 25 to 30 years (52.6%), followed by those aged 35 to 40 years (25.0%), 30 to 35 years (10.5%), and above 40 years (11.8%). This diverse demographic composition provides a well-rounded perspective on how different segments within the banking sector perceive grievance redressal mechanisms.

Table 2: Profile of the Employees

		Frequency (n = 76)	Percent (%)
Bank Type	Private sector	30	39.5%
	Public Sector	46	60.5%
Gender	Female	28	36.8%
	Male	48	63.2%
Age	25 to 30 years	40	52.6%
	30 to 35 years	8	10.5%
	35 to 40 years	19	25.0%
	above 40 years	9	11.8%

The respondents were of various designations – Officers, Deputy Managers (DM), Branch Managers, Chief Managers, Relationship Managers, Loan Officers etc. Table 3 offers insights into the work experience of the surveyed employees in the banking sector. On average, employees possess around 10 years of experience, with a median of 8 years. The standard deviation of 8.1 indicates a moderate level of dispersion around the

mean, suggesting a mix of both experienced and relatively newer employees. The range, from a minimum of 0.5 years to a maximum of 35 years, showcases a diverse spectrum of experience levels within the sample.

Table 3: Work Experience of the Employees

	Mean	Median	Standard Deviation	Maximum	Minimum
Experience	10.0	8.0	8.1	35.0	.5

Table 4 provides valuable insights into bankers' responses regarding the grievance redressal process in their respective banks. Firstly, an overwhelming majority, constituting 92.1%, reported that customer complaints were promptly addressed. This high percentage signifies a commendable commitment to immediate redressal, fostering customer satisfaction and trust in the banking institutions. Regarding the duration taken to settle customer complaints, an impressive 97.4% indicated that grievances were typically resolved within one month, demonstrating an efficient and timely grievance handling system. Only a negligible 2.6% reported longer resolution times of three months or more, suggesting that the majority of cases were swiftly addressed. Moreover, an impressive 97.3% of respondents stated that customers were satisfied with the grievance redressal mechanism, affirming the effectiveness of these processes. Additionally, a significant 98.7% indicated that their banks exert maximum effort in resolving grievances. This high level of dedication to grievance redressal reflected positively on the commitment of the banking sector to customer satisfaction and service quality. Overall, Table 4 underscores the robustness of the grievance redressal mechanism in place, emphasizing their pivotal role in maintaining customer satisfaction and trust within the banking industry.

Table 4 : Bankers' response to complaints received

		Frequency	Percent %
Are the complaints of customer are being redressed immediately?	Yes	70	92.1%
	No	6	7.9%
What is the duration to settle customer complaint in your Bank?	One month	74	97.4%
	Two months	0	0.0%
	3 or more months	2	2.6%
Are the customers satisfied with the grievance redressal mechanism?	Yes	73	97.3%
	No	2	2.7%
Does your bank take the maximum effort to redress the grievance?	Yes	75	98.7%
	No	1	1.3 %

The study assessed bank employees' attitudes towards customer service using a 7-item scale. This scale utilized a 5-point Likert scale, ranging from 1 for "strongly agree" to 5 for "strongly disagree". Lower scores indicated agreement, while higher scores indicated disagreement. The interpretation of scores was detailed, with specific ranges indicating varying levels of agreement or disagreement. To validate the scale, Exploratory Factor Analysis (EFA) was conducted, aiming to confirm its unidimensionality. Principal Component Analysis (PCA) with Varimax rotation was applied for factor extraction, expecting a single factor. The obtained results, including a high Kaiser-Meyer-Olkin (KMO) value of 0.840 and a significantly significant Bartlett's test of Sphericity, supported the appropriateness of the EFA assumptions (Table 5).

Table 5 : KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.840
Bartlett's Test of Sphericity	Approx. Chi-Square	295.768
	df	21
	Sig.	.000

Table 6 shows the communalities of the variables. The communality ranged between 0.749 and 0.491, which are above the minimum desired value of 0.40 supporting that a significant proportion of the variance in the data has been retained and loss of information is less.

Table 6: Communalities

	Initial	Extraction
Bank staff are customer –centric towards resolving the complaint of the customer	1.00	.544
Staff are polite and possess courtesy in handling complaints of the customers	1.00	.616
Bank employees give prompt service in resolving complaints	1.00	.739
Bank employees are trained for giving right information and knowledge to the customers	1.00	.491

Bank employees possess right attitude to serve customer appropriately in solving complaint	1.00	.749
Bank staff possess high sound knowledge in their work especially in grievance handling mechanism	1.00	.669
Bank Staff are very much available and accessible to customer services	1.00	.532
<i>Extraction Method: Principal Component Analysis.</i>		

Table 7 shows the number of factors extracted and the variance explained by the extracted factors. As expected single factor was extracted with an eigenvalue of 4.339 which explained 61.99% variance in the data. The explained variance is more than the desired value of 60% supporting the use of factor analysis.

Table 7: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.339	61.991	61.991	4.339	61.991	61.991
2	.768	10.973	72.964			
3	.646	9.230	82.193			
4	.468	6.689	88.882			
5	.375	5.355	94.237			
6	.207	2.951	97.188			
7	.197	2.812	100.000			
<i>Extraction Method: Principal Component Analysis.</i>						

Table 7.6 shows the component matrix. As shown, single factor was extracted. The factor loadings ranged between 0.865 and 0.701. All the factor loadings were above the minimum required value of 0.60 supporting the unidimensionality of the factor. A single factor solution was found to be appropriate and proved that the 7 items scale is uni-dimensional and it has no sub-constructs. The reliability of the scale was measured using Cronbach's alpha. The alpha value of 0.893 is very high supporting the reliability of the scale.

Table 8: Component Matrix

	Component
	1
Cronbach's Alpha	0.893
Bank employees possess right attitude to serve customer appropriately in solving complaint	.865
Bank employees give prompt service in resolving complaints	.859
Bank staff possess high sound knowledge in their work especially in grievance handling mechanism	.818
Staff are polite and possess courtesy in handling complaints of the customers	.785
Bank staff are customer –centric towards resolving the complaint of the customer	.738
Bank Staff are very much available and accessible to customer services	.729
Bank employees are trained for giving right information and knowledge to the customers	.701
<i>Extraction Method: Principal Component Analysis.</i>	
a. 1 components extracted.	

The findings from the survey regarding employees' perceptions towards resolving customer complaints was highly positive. Firstly, respondents perceive bank staff as notably customer-centric (Mean: 1.26), indicating a strong focus on addressing customer concerns, which is pivotal for maintaining positive customer relations and satisfaction. Additionally, employees are viewed as polite and courteous in handling complaints (Mean: 1.35), reflecting a customer-service oriented culture that enhances overall customer experience and trust. The promptness of service in complaint resolution also received high ratings (Mean: 1.38), a crucial aspect for customer satisfaction and retention. Furthermore, respondents believe that bank employees are well-trained and possess the necessary knowledge to address complaints effectively (Means: 1.43 and 1.49, respectively). This emphasizes the significance of continued training programs to equip employees with the skills and knowledge required for effective complaint resolution. The positive attitude of bank employees in serving customers (Mean: 1.41) is seen as influential in shaping customer perceptions and satisfaction. Moreover, the perceived high availability and accessibility of bank staff (Mean: 1.32) is seen as essential in ensuring customers feel valued and supported. Collectively, these findings lead to an overall positive perception (Mean:

1.38) of bank employees' effectiveness in handling customer complaints, which bodes well for customer satisfaction and long-term relationships with the bank.

Table 9: Employees' Perceptions Towards Solving Customer Problem

	Mean	Std. Deviation
Bank staff are customer –centric towards resolving the complaint of the customer	1.26	.498
Staff are polite and possess courtesy in handling complaints of the customers	1.35	.508
Bank employees give prompt service in resolving complaints	1.38	.635
Bank employees are trained for giving right information and knowledge to the customers	1.43	.723
Bank employees possess right attitude to serve customer appropriately in solving complaint	1.41	.639
Bank staff possess high sound knowledge in their work especially in grievance handling mechanism	1.49	.781
Bank Staff are very much available and accessible to customer services	1.32	.599
Overall Perception	1.38	.492

The high mean scores across all statements in Table 9 suggest a highly positive perception of bank employees' effectiveness in resolving customer complaints. This is encouraging for the banking sector, as it indicates that employees are viewed as customer-focused, well-trained, and prompt in addressing customer concerns. However, it's important for banks to continue investing in training and development programs to maintain and further enhance these positive perceptions. Additionally, monitoring and maintaining high levels of customer-centricity, politeness, and accessibility should remain priorities to sustain a strong customer-service culture within the banking industry. All in all, this positive perception bodes well for customer satisfaction and retention, which are crucial for the long-term success of any bank.

6. CONCLUSION AND MANAGERIAL IMPLICATIONS

The study reveals that employees' perceptions towards grievance redressal mechanisms in banks are overwhelmingly positive. Bank staff are viewed as customer-centric, polite, prompt, and well-trained, which is indicative of a strong customer-service oriented culture. These positive attitudes and behaviours are instrumental in enhancing customer satisfaction and trust, which are essential for the long-term success of any bank. The research findings offer substantial managerial implications for the banking sector. Firstly, there is a clear call for ongoing investment in training and development programs to equip employees with the necessary skills for effective customer complaint resolution, ultimately enhancing the overall quality of service and fostering a positive organizational culture. Moreover, establishing a customer-centric ethos should be a paramount objective, emphasizing the centrality of the customer in all interactions and decisions, with particular focus on qualities like politeness, courtesy, and promptness in addressing complaints. Regular monitoring and feedback mechanisms are imperative to ensure the optimal functioning of grievance redressal systems, making it essential to gather insights from both customers and employees for continual improvement. Additionally, ensuring staff accessibility and availability is fundamental, necessitating effective scheduling and accessible channels for customers to communicate their concerns. Finally, recognizing that positive employee perceptions in complaint handling significantly contribute to customer trust and satisfaction, banks should continue prioritizing these aspects to solidify and cultivate robust relationships with their customer base. These implications collectively advocate for a proactive and customer-centric approach in the banking industry, ultimately leading to enhanced service quality and customer satisfaction. It's important to acknowledge certain limitations in this study. Firstly, the use of convenience sampling may limit the generalizability of the findings. Additionally, the reliance on self-reported data may introduce response bias. Lastly, the study's scope is confined to specific public and private sector banks, which may affect the broader applicability of the results. Future research in this domain can explore deeper into the specific training programs and methodologies that prove most effective in enhancing employee capabilities for grievance redressal. Additionally, exploring the impact of technological advancements, such as AI-powered chatbots or blockchain-based solutions, on customer complaint handling could provide valuable insights into the evolving landscape of grievance resolution in the banking sector.

REFERENCES

- Allen, F., & Santomero, A. M. (1998). The Theory of Financial Intermediation. *Journal of Banking & Finance*, 21(11-12), 1461-1485.
- Australian Securities and Investments Commission. (2020). ASIC Strategic Outlook 2020-24. <https://download.asic.gov.au/media/5529594/asic-strategic-outlook-2020-24.pdf>
- Barth, J. R., Caprio, G., & Levine, R. (2013). Bank Regulation and Supervision: What Works Best? *Journal of Financial Intermediation*, 22(4), 415-432.
- Borio, C., & Disyatat, P. (2011). Global Imbalances and the Financial Crisis: Link or No Link? BIS Working Papers, No 346.
- Brown, A., & Williams, B. (2018). Employee Perceptions of Workplace Grievance Redressal Mechanisms: A Social Exchange Perspective. *Journal of Organizational Behavior*, 39(6), 763-779.
- Brown, A., & Williams, B. (2018). Employee Perceptions of Workplace Grievance Redressal Mechanisms: A Social Exchange Perspective. *Journal of Organizational Behavior*, 39(6), 763-779.
- Claessens, S., & Marquez, R. (2001). Competition and Financial Fragility. *Financial Markets, Institutions and Instruments*, 10(2), 31-73.
- Claessens, S., & Perotti, E. (2007). Finance and Inequality: Channels and Evidence. *Journal of Comparative Economics*, 35(4), 748-773.
- Congress. (2010). Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376.
- Cull, R., Demircug-Kunt, A., & Morduch, J. (2009). Microfinance Trade-offs: Regulation, Competition, and Financing. *World Bank Policy Research Working Paper*, No. 4962.
- European Parliament and Council. (2011). Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on Consumer Rights. *Official Journal of the European Union*.
- Gelpert, M., & Gulati, M. (2013). Too Legit to Quit: The Performance of Global Newcomers in Banking. *Journal of Financial Regulation*, 10(3), 25-47.
- Laeven, L., & Levine, R. (2009). Bank Governance, Regulation, and Risk Taking. *Journal of Financial Economics*, 93(2), 259-275.
- Lee, J., & Kim, S. (2020). The Impact of Employee Grievance Redressal Mechanisms on Employee Retention: The Moderating Role of Organizational Justice. *Sustainability*, 12(10), 4206.
- Lee, J., & Kim, S. (2020). The Impact of Employee Grievance Redressal Mechanisms on Employee Retention: The Moderating Role of Organizational Justice. *Sustainability*, 12(10), 4206.
- Levine, R. (1997). Financial Development and Economic Growth: Views and Agenda. *Journal of Economic Literature*, 35(2), 688-726.
- Maugis, V., & Upper, C. (2007). How Important is Payment System Risk in an Interbank Settlement System? *Journal of Money, Credit and Banking*, 39(5), 1223-1239.
- Mishkin, F. S. (2010). *The Economics of Money, Banking, and Financial Markets*. Pearson Education.
- Ombudsman for Financial Services, Malaysia. (2019). Financial Ombudsman Scheme Annual Report 2019. <https://www ofs.org.my/download/FOS-Annual-Report-2019.pdf>
- Patel, N., & Gupta, N. (2019). Role of Fairness in Grievance Handling in Building Trust among Employees in Banking Sector. *Asia Pacific Journal of Management & Entrepreneurship Research*, 8(5), 136-142.
- Patel, N., & Gupta, N. (2019). Role of Fairness in Grievance Handling in Building Trust among Employees in Banking Sector. *Asia Pacific Journal of Management & Entrepreneurship Research*, 8(5), 136-142.
- Reserve Bank of India. (2020). Banking Ombudsman Scheme. https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11924
- Smith, K., & Johnson, L. (2015). Employee Feedback Mechanisms in Banking Industry. *Journal of Management Control and Organizational Behaviour*, 1(1), 41-52.
- Umar, S., & Bashir, T. (2018). Impact of Customer Awareness and Knowledge on Perceived Service Quality and Customer Satisfaction in the Banking Sector of Pakistan. *International Journal of Bank Marketing*, 36(4), 720-739.