

A STUDY OF CUSTOMER'S PERCEPTION REGARDING Automated Teller Machine SERVICES

Ms. Divya Mohan¹, Ms. Wimpy Arora², Mr. Roopam Rajesh²

¹ Faculty, Management Department, Delhi Institute of Advanced Studies

² Management Students, Delhi Institute of Advanced Studies

divyasahni2002@gmail.com

ABSTRACT

E-Banking provides various e- channels for using banking services like ATMs, credit cards, debit cards, internet banking, mobile banking, electronic fund transfer (EFT), electronic clearing system etc. However as per the Indian e-banking scenario ATM is the most acknowledged than any other e-channels. The Indian ATM industry has seen explosive growth in recent times. The present study has made an attempt to find out the perception of customers regarding various issues related to ATM like reasons to use ATM cards, purpose of using ATM and various problems while using ATM card services. The study concludes that ATM is very convenient mode of electronic banking. The demographic relations among various issues are also highlighted in this study. To achieve the objectives a survey of 178 respondents who are using ATM services has been conducted and the collected data was analysed using descriptive statistics.

Key Words: Electronic banking, ATM Services, Customers Perception

INTRODUCTION:

The banking sector has become completely dependent on technology as the service/product delivery channel. Technology is identified as the single strongest factor that provides a bank with a competitive edge over others. The banking has undergone a major change due to the adoption of E-banking. One of the latest channels of distribution to be used in the financial services organizations is electronic banking; this method was established in the mid-1990s in some countries, thereafter, speedily covered all the world. E-banking system not only generates latest viable return, it also offers its better dealings with customers. E-Banking provides various e- channels for using banking services like ATMs, credit cards, debit cards, internet banking, mobile banking, electronic fund transfer (EFT), electronic clearing system etc. However as per the Indian e banking scenario ATM is the most acknowledged as compared to than any other e-channels. The Indian ATM industry has seen explosive growth in recent times. Banks have been positioning ATMs to increase their reach. While ATMs facilitate a variety of banking transactions for customers, their main utility has been for cash withdrawal and balance enquiry.

OBJECTIVES OF THE STUDY

- The aim of the paper is to provide a groundwork investigation of the various ATM transactions.
- To analyse the benefits of ATM Cards and ATM services.
- To identify various aspects affecting customer satisfaction in ATM services.

The installed base of ATMs across the world is forecast to grow by 44% between 2012 and 2018 according to "Global ATM Market and Forecasts to 2018". Based on a new study from London-based strategic research and consulting firm RBR also believes that by 2018 globally will be 3.7 million ATMs. Expected growth is to come mainly from Asia- Pacific and the Middle East and Africa, which will see increases of over 75% in their installed bases. Many banks have turned their attention from growing their ATM fleets to other aspects of their ATM operations, such as improving functionality and customer service, increasing efficiency and reducing costs.

- Extremely huge demands for quick deposit and cash withdrawal are in China due to Chinese banks issuing a million new cards every working day hence creating unprecedented demand for ATM services. Customer demand for ATMs remains high all around the world as in the developed regions ATMs remain popular despite

increasing competition from payment cards and alternative payment methods. Whereas in less developed markets have greater cash usage even when people in these markets have debit cards which could be used for payment at the point of sale, they often only use their cards for making cash withdrawals, either because of a lack of EFTPOS terminals in the places where they make most of their payments, or because they simply prefer to pay with cash. Unbanked populations in many countries

present especially strong potential for new ATM users as it is much cheaper to install ATMS for a bank than opening a branch. Now we can deposit cash in ATMs up to certain cash limit. While the ATM is a great service for customers, for the banks it means immense savings on the cost of operations. While a typical cash transaction carried out in a bank's branch premise would cost `40 that in an ATM will only cost Rs18 translating into a cost saving of ` 22 per transaction.

Increasing Demand For Cash Is Boosting Global ATM Market

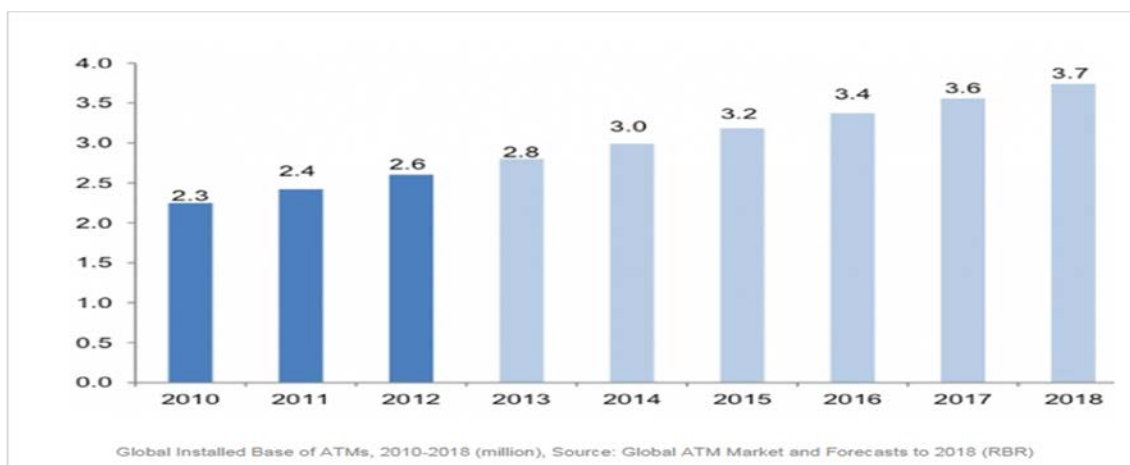


Table 1: Branches and ATMs of Scheduled Commercial Banks (Both On-site & Off-site) 2011, 2012, 2013

	2012	2013	2014 (till June)
Bank Group	ATMs	ATMs	ATMs
Nationalized Bank +State Bank Group	63,739	92,924	1,16,664
Private Sector Banks	40,687	47,371	49,074
Foreign Sectors Bank	1,358	1,221	1,156
Total	1,05,776	1,41,516	1,66,894

Source: RBI Bulletin, 2011

Table 1 show that the nationalized banks have the highest share in ATMs followed by state bank group. Nationalized banks are on first position in the share of ATMs installed in year 2012 and 2014 are 36.51 and 33.33 percent respectively and in the year 2011 State Bank Group have installed highest ATMs in the country. Foreign sector banks are on the last position in the percentage share of new installed ATMs in the year 2012, 2013 and 2014 are 2.41, 1.71 and 1.83 percent respectively.

RESEARCH METHODOLOGY:

Looking at the changing environment, awareness, technological up gradation and innovation in banking

sector, there is a need to study the behaviour of customers and their perception regarding technological issues in banking sector. The present paper is a step in this direction. This paper has tried to study the perception of ATM customers across various demographic factors.

Population: The population defined for this research paper was limited to the Automated Teller Machine in Delhi and NCR.

Sample Size: In this study random sampling technique have been used and in total 200 respondents were surveyed to find out the objectives of the study.

Sampling Method: Both primary and secondary data collection methods were used for the purpose of the study. A structured questionnaire was used to collect primary data to achieve the objectives of the study. The respondents were asked to indicate their perception regarding various aspects of the ATM services, problems while using ATM and various modes of transaction through ATM on a five point Likert scale (1 for Most Important and 5 for Least Important).

Statistical tools and techniques: The collected data further has been analysed by using descriptive statistics such as frequency distribution, percentages, mean scores and standard deviation.

REVIEW OF LITERATURE:

Sankaran M (1999) studied the measures that would help domestic players in financial services sector to improve their competitive efficiency, and thereby to reduce the transaction costs. The study found that the specific set of sources of sustainable competitive advantage relevant for Financial Service Industry are: a) product and process innovations, b) brand equity, c) positive influences of 'Communication Goods', d) corporate culture, e) experience effects, f) scale effects, and g) information technology.

Trevor Watkins (1989) while studying the current state of the financial services industry worldwide identified four major trends: (1) the trend towards financial conglomeration; (2) globalization (3) information technology in bank marketing; and (4) new approaches to financial services marketing. These trends, it was concluded, will affect the marketing of banks and other financial services in the 1990s. Marisa Maio Mackay (2001) examined whether differences exist between service and product markets, which warrant different marketing practices by applying ten existing consumer based measures of brand equity to a financial services market. The results found that most measures were convergent and correlated highly with market share in the predicted direction, where market share was used as an indicator of brand equity. Brand recall and familiarity, however, were found to be the best estimators of brand equity in the financial services market.'

Bank Marketing

In Berry, Kehoe and Lind green's study (1980) it has been found that most frustrating aspects of bank marketing were a) lack of management support, b) lack of interdepartmental cooperation c) crisis management d) government intrusion e) advertising and media

RESULTS AND DISCUSSIONS

Table 2: Distribution of Respondents On The Basis Of Demographic Factor

Demographic Variables	Categories	No. Of Respondents	Percentage
Gender	Female	70	39.33
	Male	108	60.67
Age (in years)	18-30	158	88.76
	31-45	13	7.30
	Above 45	7	3.93
Occupational Category	Business	20	11.24
	Housewife	2	1.12
	Private Sector Employee	36	20.22
	Professional	19	10.67
	Public Sector Employee	6	3.37
	Student	95	53.37
Sector of Bank	Private	95	53.37
	Public	83	46.63
Income Classification	₹3,00,001-₹6,00,000	43	24.16
	₹6,00,001-₹10,00,000	15	8.43
	Above ₹10,00,000	10	5.62
	Upto ₹3,00,000	110	61.80
Education Qualification	Graduate	80	44.94
	Ph.D	2	1.12
	Post-Graduate	80	44.94
	Under-Graduate	16	8.99

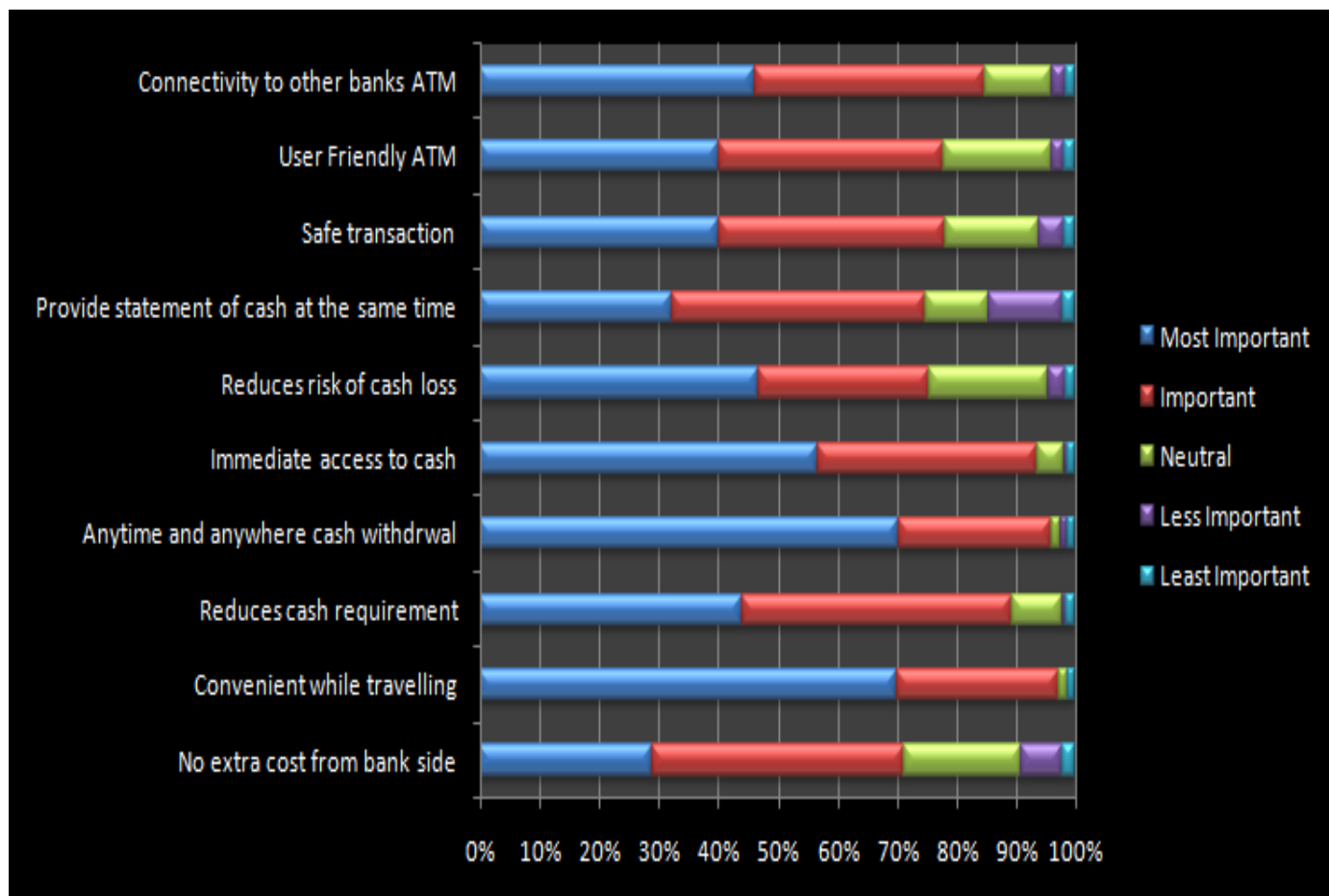
Source: Primary Data

Sample Description:

For ATM respondents, 60.67% are males while 39.33% are females. Most of respondents were from 18-30 age group (88.75%). 1.12% had only done PhD, 44.94% had done post-graduation, 44.94% were graduates, and 8.99% were under-graduates. The proportion of male was greater than female respondents in this survey. The respondents were 108 males (60.67%) and 70 females (39.33%). The majority of the respondents were in the 18-30 age group (88.75%). Respondents with income

within the range of Upto `3, 00,000 were the majority group (61.80 %) followed by those with a monthly income of `3, 00,000 – `6, 00,000 (24.16 %). Most of the respondents were students (53.37%) followed by those working as Private Sector Employee (20.22%). The proportion of respondents using Private sector of bank were in majority (53.53%).

CUSTOMERS' PERCEPTION REGARDING THE REASON TO USE ATM/ DEBIT CARD SERVICES



Graph 1 : Perception of Respondents towards the Use of ATM Services in Percentage.

The technological innovation has transformed the banking business. Banks have aggressively adopted this mode. The advantages of using ATM have given new impetus in dimensions of service quality and banks are offering new choices to customers.

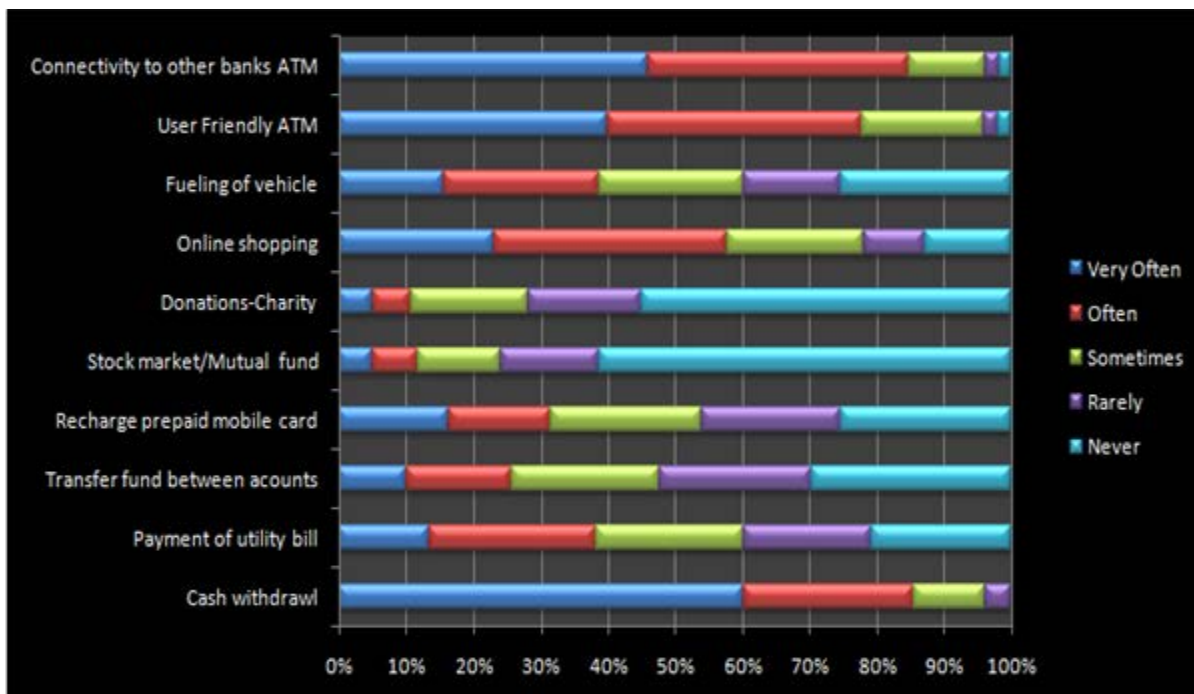
In graph 1, the analysis regarding reasons for use of ATM card and its services has shown that Use of ATM has become extremely popular among customers as convenient mode of transaction as customers have no need to carry cash as almost 71.35 percent respondents gave response in favour to this issue. Moreover above 40 percent of the respondents has favoured the issues that 'there is connectivity to other banks ATM', 'the safe transaction involved with ATMs' and it also 'reduces risk of cash loss'.

Table 3: Perception of Respondents about Services Use of ATM Cards with Mean Values

Sr. No.	ATM Services	1	2	3	4	5	Mean
1	No extra cost from bank side	50	73	34	12	9	2.2
2	Convenient while travelling	126	49	3	0	0	1.3
3	Reduces cash requirement	79	81	15	1	2	1.7
4	Anytime and anywhere cash withdrawal	127	46	3	2	0	1.3
5	Immediate access of cash	102	66	8	1	1	1.5
6	Reduces risk of cash loss	84	52	36	5	1	1.8
7	Provides Statement of account at the same time	57	76	19	22	4	2.1
8	Safe transaction	72	68	28	8	2	1.9
9	User friendly ATMs	71	67	32	4	4	1.9
10	Connectivity to other banks ATM	82	69	20	4	3	1.7

Table 3 also reflects the overall mean score and respective ranks would be able to present a clear portrait of the Reasons for using ATM/Debit card. It is also apparent from the mean values from the table that the reason 'Anytime and anywhere cash withdrawal' is found very important for the respondents, followed by 'Convenient while travelling', 'user friendly' and 'Immediate access to cash'. Provide statement of cash at the same time' and 'No extra cost from bank side' were the last rank holders in the table as reflected by the mean values i.e. above 2, hence it is observed that these issue were not taken into much consideration while using ATM services.

PERCEPTION OF RESPONDENTS ABOUT VARIOUS SERVICES OF ATM



Graph 2 : Perception of Respondents about Services of ATM Cards in Percentage.

The Indian banking sector has undergone revolutionary changes since liberalisation. One of the major sectors which are seeing tremendous changes is the banking industry. The changes have not only been in the public sector banks but also in the private sector banks in India. The changes include better services, core banking services, internet services, on line banking and a host of other facilities that are implemented for the benefit of the customer.

The graph 2 reflects that 'Withdrawal of Cash' is frequently used services from ATM card followed by 'Online shopping', 'Recharge prepaid mobile card' and 'Fuelling of vehicle'. The respondents rarely used ATM cards for services such as 'Donations/Charity' and 'Stock market/Mutual fund transactions'.

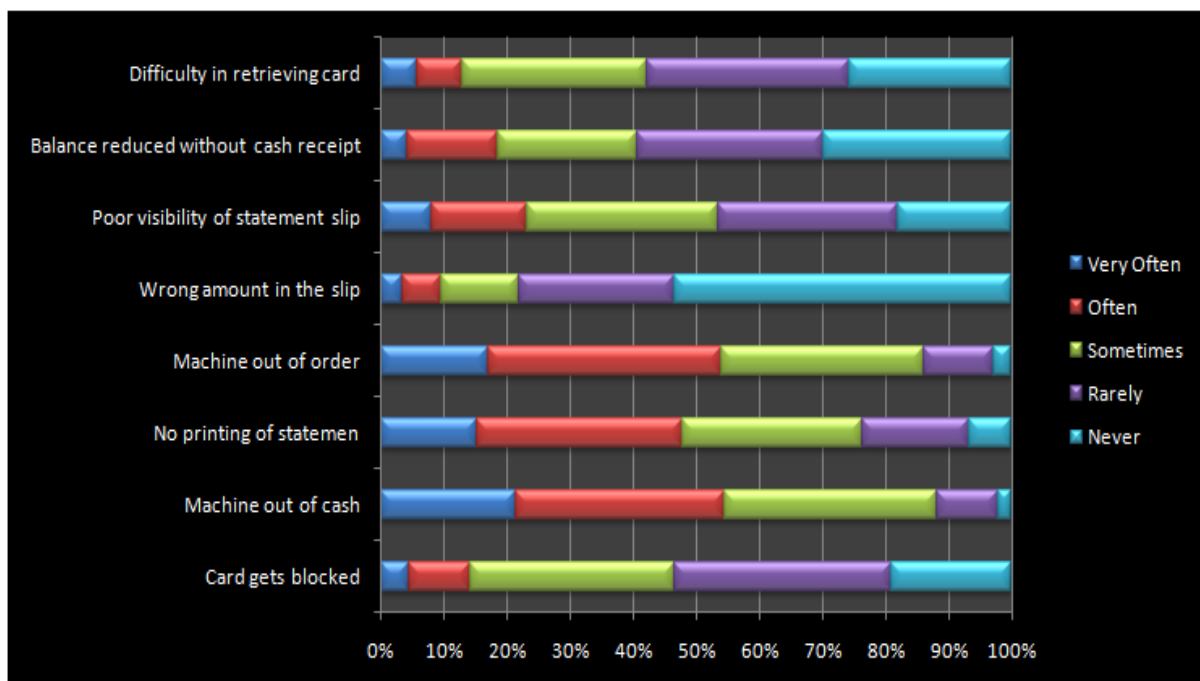
Table 4: Perception of Respondents about Services of ATM Cards with Mean Values

Sr. No.	ATM Services	1	2	3	4	5	Mean
1	Cash Withdrawal	107	45	19	7	0	1.6
2	Payment of utility bills	24	44	39	34	37	3.1
3	Transfer funds between accounts	18	28	39	40	53	3.5
4	Recharge prepaid mobile card	29	27	40	37	45	3.2
5	Stock market /mutual fund transactions	9	12	22	26	109	4.2
6	Donations/Charity	9	10	31	30	98	4.1
7	On line Shopping	41	62	36	16	23	2.5
8	Fuelling up vehicle	28	41	38	26	45	3.1

Table 4 also reflects the overall mean score and respective ranks would be able to present a clear portrait of the purpose for using ATM/Debit card. It is also apparent from the mean values from the table that the statement 'Cash Withdrawal' is found very important for the respondents followed by 'Online Shopping, 'Fuelling up vehicle' and 'Recharge prepaid mobile card'.

'Stock market/mutual fund transactions' and 'Donations/Charity' were the last rank holders in the table as reflected by the mean values ,as they have the highest mean values 4.2 and 4.1.respectively. Hence it is observed that respondents do not use ATM cards for making such transactions.

PERCEPTION OF CUSTOMERS REGARDING PROBLEMS WHILE USINGATM CARDS



Graph 3 : Perception of Respondents about problems while using ATM Cards in Percentage.

This section of the paper helps us know the respondents opinion regarding various problems in ATM banking services. Graph 3 reveals that as high as 21.35 percent of the respondents perceived that they often faced the problem 'machine out of cash' and 'machine out of order'. Wrong amount in the slip, Balance reduced without cash receipt and card getting blocked are problems rarely faced by the respondents.

Table 5: Perception of Respondents about problems while using ATM Cards with Mean Values

Sr. No.	ATM Services	1	2	3	4	5	Mean
1	Card Gets Blocked	8	17	58	61	34	3.5
2	Machine Out of Cash	38	59	60	17	4	2.4
3	No Printing of Statement	27	58	51	30	12	2.7
4	Machine Out of Order	30	66	57	20	5	2.5
5	Wrong Amount in The Slip	6	11	22	44	95	4.2
6	Poor Visibility of Statement Slip	14	27	54	51	32	3.3
7	Balance Reduced Without Cash Receipts	7	24	37	50	50	3.5
8	Difficulty in Retrieving Cards	10	13	52	57	46	3.7

Table 5 reflects the overall mean score and respective ranks would be able to present a clear portrait of the purpose for using ATM/Debit card. It is also apparent from the mean values from the table that the problem 'Machine out of Cash' is found very important for the respondents followed by 'Machine Out of Order', 'No Printing of Statement' and 'poor visibility of slip', 'Wrong amount in slip' and 'Difficulty in retrieving cards' were the last rank holders in the table as reflected by the mean values ,as they have the highest mean values 4.2 and 3.7.respectively. Hence it is observed that respondents do not face these problems much while using ATM cards

FINDINGS OF THE STUDY:

1. The study presents a clear portrait of the Reasons for using ATM/Debit card. The reasons namely have shown that Use of ATM has become extremely popular among customers as convenient mode of transaction as customers have no need to carry cash. Moreover above 40 percent of the respondents has favoured the issues that 'there is connectivity to other banks ATM', 'the safe transaction involved with ATMs' and it also 'reduces risk of cash loss'
 2. The analysis related to various services from ATM/Debit cards revealed that that 'Withdrawal of Cash' is frequently used services from ATM card followed by 'Online shopping', 'Recharge prepaid mobile card' and 'Fuelling of vehicle'.
 3. The results of the study regarding problems while using ATM services found that 'machine out of cash' and 'machine out of order' were the important issues. . Wrong amount in the slip, Balance reduced without cash receipt and card getting blocked are problems rarely faced by the respondents.'
- It was clearly reflected from the study that there was no significant difference of opinion between male and

female, public and private sector Bank ATM users, different age- groups etc demographic factors regarding various reasons, purpose & problems as the responses have been taken from the urban population

CONCLUSION AND RECOMMENDATIONS OF THE STUDY:

The present research concludes that ATM is a very convenient and has any time anywhere usage. As the services of ATM and number of ATM is increasing day-by-day, and simultaneously, the number of ATM users is also increasing, so it is important on the part of bank, to have an idea about what the ATM users are thinking about its various features, what are their problem areas, what are their recommendations, how do they compare the ATM service of this bank with that of any other bank etc. Thus the findings of the study may be very useful for bank officials and it may also help the ATM section of the banks to develop their future plans and strategies. The results of the study regarding problems while using ATM services found that 'machine out of cash', 'machine out of order', 'no printing of statement' and 'poor visibility of statement slip' were the important grievances/issues. Hence it is suggested the banks to developed and improvise the proper mechanism to

resolve the grievance settlement, as it leads to customer comfort and satisfaction. The most important issue the bank administration should concentrate on proper mechanism on Grievances settlement

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