Emergent ATM Banking in India: A study of Consumer Satisfaction

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Abstract

ATM Banking is a paramount product of e-banking system. Over the world there is drastic shift in banking practices from manual banking to paper less banking. The contribution of ATM to this level of paperless banking is widely recognized. Nowadays scope Banking industry become very wide it includes a number of businesses such as corporate banking, investment banking, wealth management, capital market etc. but on the other hand retail banking has its own identity it is a distinctive mass-market banking differentiated by a large customers and a large volume of transactions. Retail banking transactions are performed through ATM. So, ATM is becoming day by day popular not only in urban areas but also rural India. This plastic money touches life of every one in multiple ways. Present paper studies the satisfaction of ATM users (i.e. consumers) on the basis of various services provided by public and private sector banks.

Keywords: Banking, ATM, Customer Satisfaction, technology.

1. INTRODUCTION

The last two decades witnessed the maturity of India's banking industry. Since 1991, every Government of India took major steps towards reforming to this sector of the nation. Major steps were taken by the government in the year 1991-92 these steps brought drastic changes in Indian banking especially in the area of computerisation and technology implementation. The transformation of banking in the coming years is likely to be more qualitative than quantitative, according to the Banking Industry and government of India Vision. One important report also support the same that report has been prepared for the Indian Banks' Association by a committee of experts headed by Mr S. C. Gupta, Chairman and Managing Director, Indian Overseas Bank, based on the projections made in the 'India Vision 2020' prepared by the Planning Commission and the Draft 10th Plan. The report forecasts that the pace of expansion in the balance-sheets of banks is likely to decelerate. In coming years Indian consumers will see Indian banking with international standards and ATM will be major mode of money transactions. Consumer will be less dependent on currency or paper money because easily executable and secure plastic money will be conveniently available at 24*7*365 and consumer will be more delighted. Private Banks are also increasing their access in rural areas. They are attracting consumers through various innovative schemes and facilities. All the banks are striving to satisfy their customers by facilitating them easily accessible services at minimum time and cost.

2. THE CONCEPT OF ATM

An electronic banking outlet, which allows customers to complete their banking transactions without the aid of a bank branch representative or teller. ATM is an electronic telecommunications device that enables the clients of a financial institution to perform financial transactions without the need for a cashier, human clerk or bank teller.

3.   LITERATURE REVIEW

Many experts   have studied different dimensions of ATM banking and its impact on Banking Industry. Some of the studies are as under:

Goklaney, Sumit (2014) has studied on role of Information technology which plays vital role in the development of any industry through reducing geographical barriers. He examined that Indian banking sector has been showing greater emphases on the techno and innovation since the reforms. The Indian banking sector has undergone remarkable changes from local braking to anywhere-anytime banking with the implementation of technology. Over the past couple of years, a massive growth has been registered in the number of transaction done through electronic devices.

Agrawal, S,. And Jain, A (2013) have calculated the technological advancement in the Indian banking sector. The main purpose of the study was to analyze the effect of innovation in banking on growth and development of the India. The paper studied about financial innovations in the Indian banking sector. It was found that banks boost technological investment spending strongly to address revenue cost and competitions Concerns."

Chattopadhyay, Pijush And S Saralelimath (2012) has analyzed the relationship between demographic variable and preference to use ATM, a structured questionnaire is used to collect the data from a convenience sample of 300 customers from three sample cooperative banks in Pune city.

Kumbhar, Vijay M. (2011) the aim of his study was to provide a preliminary comparative investigation of the customer satisfaction in ATM service of public and private sector banks in India.

Diana L. Haytko & Christina S. Simmers (2009) wrote a paper to study the effect of human interaction Vs. technology interaction in overall customer satisfaction with banking services, specifically, tellers vs. ATM. They found that the 86% of respondents have used the ATM.

In year 2008, Gbolahan S. Osho studied with the objective of, to analysis various aspect of technology used in the banking industry that have helped banks secure a great market share and simplify customer's everyday life. He concluded that technology enabled improvements and a desire to improve earnings stability have led many banks to enter new markets (global & national) driving increased. While ever-changing technology can pose difficulties, it is still an essential tool to ensure an institution standing in the highly competitive financial services markets.

In 2006 S. Murali wrote a paper under the topic "A 2 Z of ATM", under that he covers history of ATM, types of plastic money, functions of ATM, advantages of ATM and future of ATM.

R.N. Ramnathan wrote a paper in 2006 on the "ATM – A Convenient Banking", he covered the ATM in India and especially in public sector banks, factors encouraging ATM growth, frauds in ATM's etc.

Ulrlke Darch and Nerina J. Caltablane (2004) noted down the relationship between demographic, user-situational, attitudinal variables and ATM use in an Australian sample of older adults. They found that while age, education, attitudes and user situational variables are related to ATM use only technology experience, perceived user comfort and control are determinants of ATM use among this population.

Mathew Joseph, Cindy McClure and Beatriz Joseph, done a study on the topic "Service quality in the banking sector: the impact of technology on service delivery" in 1999. The researches investigate the role that technology plays in Australian banking & its impact on the delivery of perceived service quality. A sample of 440 electronic banking customers was taken and 300 useable questionnaires were analysed. Using the Hemmasi et al importance performance grid, results indicated that consumers have perceptual problems with some aspects of electronic banking.

Seonmee Kim & Brian H. Keiner, in 1996, uses personal telephone interviews and researches and literature to show how banks change themselves to cope with changes in the market place. The study was focuses especially on high performing institutions and on what makes them different. They find all three banks chosen for study show the same common elements of service excellence.

Mark Goods & Luiz Moutinho (1995) done a work on "The effect of free banking on overall satisfaction: the use of ATM". They testes a hypothesized model which is designed to measure the effects of free banking on perceived overall satisfaction attached to the use of ATM's for bank services. Overall a number of important differences were found between students and "normal" customers with regard to confidence, charges and frequency of use.

In 1995, Robert Rugimbana done a study with the purpose of discriminating users from non-users of ATM, by using the demographic variables of respondents and their perceptions of ATM attributes in order to assess the relative importance of these predictors variables. The study found that perceptual variables are far more powerful than demographic variables.

Robert Rugimbana and Philip Iversen done a study in 1994 on "Perceived attributes of ATMs and their marketing implications" the study concludes that a strategy of stressing the most important perceived attributes of relative advantage is crucial to the success of the current effort by bank marketers aimed at increasing ATM usage.

4.   METHODOLOGY

Objective : To analyze the Customer Satisfaction on various services of ATM in public and private sector banks.

Hypothesis: H_0: There is no significant difference between customer's satisfaction of public and private sector banks.

Research Methodology: To carry out the study the following research methodology has been adopted.

Sampling and Sampling Method: The sample size of the study is 300 customers 150 customers from each category of bank i.e. public and private. Random sampling method has been used in selection of respondents.

Data collection and Data Analysis: Primary data has been collected through questionnaire. On the basis of data/ information so collected from various respondents statistical tool such as averages, percentage, trend analysis have been applied. In order to find more comprehensive results comparative statements have also been prepared.

5.   ANALYSIS OF CUSTOMERS SATISFACTION

Customer Satisfaction vis-a-vis Cash Withdrawal Service of ATMs: As far as concern of ATM services cash witdrawal is a key service amongst all services provided by ATM. Research has made an effort to assess the sastifaction level of customers of public and private sector banks on this key service.

Table 1

Customers Satisfaction on ATM Cash Withdrawal Serv ice				
Bank	**Public Banks**		**Private Banks**	
Level of Satisfaction	**Value**	**Percentage**	**Value**	**Percentage**
Fully Satisfied	55	36.67	52	34.67
Satisfied	48	32	43	28.67
Neutral	24	16	29	19.33
Dissatisfied	12	8	14	9.33
Fully Dissatisfied	11	7.33	12	8

Graph 1
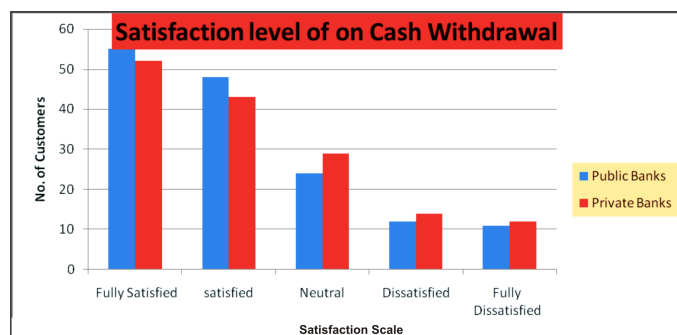
In the public sector banks 63.67 % customer either fully satisfied or satisfied but on the other hand in private sector banks 63.33 % customers are satified. It is very significant to note that the percenrtage of dissatisfied or fully dissatisfied customers are very low 15 % in public sector and 17.33 % in private sector banks. Customers are more satisfied with public sector banks.

Customers' Satisfaction vis-a-vis Mobile Recharge Service of ATM: This service of ATM is generally used by customers of both the banks. As per survey of 300 customers number of fully dissatisfied customers is more than fully satisfied customers. The situation merits attention.

Table 2

Satisfaction Level of Customers on Mobile Recharge						
Bank	Public Banks		Private Banks		Total	
Level of Satisfaction	Value	%	Value	%	Value	%
Fully Satisfied	21	14	26	17.33	47	15.67
Satisfied	30	20	32	21.33	62	20.67
Neutral	39	24	43	28.67	82	27.33
Dissatisfied	24	16	23	15.33	47	15.67
Fully Dissatisfied	36	24	26	17.33	72	24

In the table above, if we ignore neutral customers in public sector, sum of the dissatisfied & the fully dissatisfied customers is more than the sum of the satisfied & the fully satisfied but in private sector situation is just opposite; satisfaction is more than the dissatisfaction. Out of both sector 27.33% customers are neutral.

Graph 2
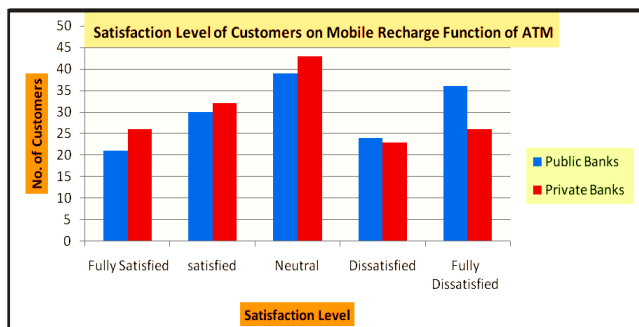
The graph above depicts that in first three categories private sector is ahead of public sector but in the last two categories, public sector is leading. It means that in respect of this facility customers are more satisfied with private sector than with public sector.

Customers' Satisfaction vis-a-vis Bills Payment through ATM : A customer has to pay various bills with the help of ATM banking. In our survey for satisfaction trend of 300 customers of public and private sector banks about payment of bills through ATM are given in the table & graph below :

Table 3

Satisfaction Level of Customers on Bills Payment						
Bank	Public Banks		Private Banks		Total	
Level of Satisfaction	Value	%	Value	%	Value	%
Fully Satisfied	19	12.67	32	21.33	51	17.00
Satisfied	47	31.33	51	34.00	58	32.67
Neutral	45	30.00	46	30.67	91	30.33
Dissatisfied	11	7.33	8	5.33	19	6.33
Fully Dissatisfied	28	18.67	13	8.67	41	13.67

Graph 3
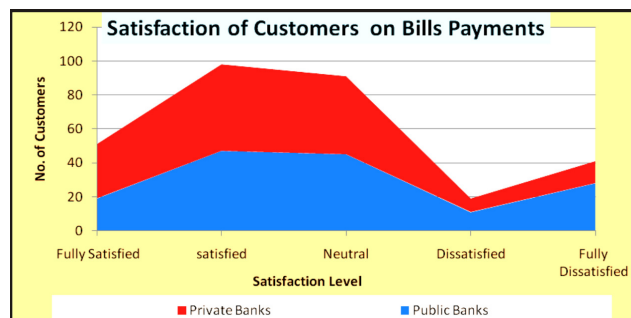
Clearly, maximum number of customers is neutral and fully satisfied regarding bill payment through ATM. However, a few customers in both sectors are facing major problems in this regard. 26% respondents are fully dissatisfied or dissatisfied in public sector banks while this percentage is almost half in private sector banks. It shows that customers of private sector banks are comparatively more satisfied.

Customer Satisfaction vis-a-vis Balance Enquiry Service of ATMs: Balance enquiry service also very important service provided by ATM banking. All customers often use this service. Below table and graph shows that in both types of banks maximum number of customers are in the categories of satisfied customers. Only 8.67% customers are dissatisfied and 24.33% customers are neither satisfied nor dissatisfied.

Table 4

| Analysis of Customers Satisfaction on Balance nqu iry						
Bank	Public Banks		Private Banks		Total	
evel of Satisfaction	alue	Percent age	alue	Percent age	alue	Percent age
Fully Satisfied	58	38.67	53	35.33	111	37
Satisfied	52	34.67	48	32.00	100	33.33
eutral	36	24.00	37	24.67	73	24.33
issatisfied	10	6.67	9	6.00	19	6.33
Fully issatisfied	4	2.67	3	2.00	7	2.33

Source   Compiled through questionnaire

Graph 4

If we see above graph number of customers are very high with fully satified and very low with fully dissatisfied catogiries. So,a big part of customers are satisfied with this type of service.

Analysis of Money Transfer Function Money transfer function of ATM is very useful service for services class people because they are busy though out the week and cannot approach to branch for money transfer so they are using this services in their off duty hours. Banks provide this service in multiple ways like card to card transfer, account to account transfer and other transfer also. Present study shows the satisfaction level of customers on this service.

Table 5

Satisfaction evel of Customers on Money Transfer Function of ATM				
	Public Banks		Private Banks	
evel of Satisfaction	alue	Percentage	a lue	Percentage
Fully Satisfied	18	12	24	16
satisfied	48	32	41	27.33
eutral	41	27.33	51	34
issatisfied	21	14	18	12
Fully issatisfied	22	14.67	16	10.67

Graph 5
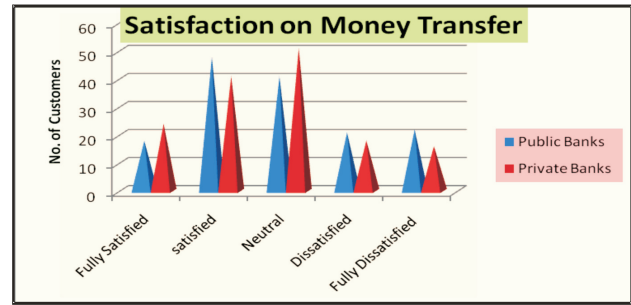
As dipicted in above graph 59.33%, maximum number of customers are in the catogiries of satisfied and neutral of public sector banks and 61.33% customers of private sctor banks are in these categories. On this service 28.67 % customers of public sector banks are either dissatisfied or fully dissatisfied and the same percentage in private sector banks is 22.66%. Fully satisfied and satisfied customers are 44% in public sector and 43.33% in private sector. It clears that Customers are equally satisfied with both the sectors.

Customers Satisfaction on Mini Statement Services of   ATM Mini state is generally used by customers to review past few transaction of his account.

Table 6

Satisfaction Level of Customers on Mini Statement						
Bank	Public Banks		Private Banks		Total	
Level of Satisfaction	Value	Percent-age	Value	Percent-age	Value	Percent-age
Fully Satisfied	54	36	50	33.33	104	34.67
Satisfied	50	33.33	48	32.00	98	32.67
Neutral	28	18.67	28	18.67	56	18.67
Dissatisfied	12	8.00	16	10.67	24	9.33
Fully Dissatisfied	6	4.00	8	5.33	18	4.67

Graph 6

All ATM provide this service present survey of customers of public and private sector banks reveals that majority of customers are satisfied with these

services but sometimes they face problems of connectivity or printing due to which they are not able to review their accounts through mini statement. Large numbers of customers are fully satisfied as depicted in the above graph. Only 14% customers of both sector banks have responded as dissatisfied or fully dissatisfied. 18.67% are natural and above 60% in both the sectors are satisfied or fully satisfied.

5.   CONCLUSION

From the above analysis public and private sector banks' consumers following inferences may be drawn:

1.   Customers of public and private sector banks are equally satisfied for cash withdrawal service but percentage of fully satisfied are very less. On the same service survey says that customer of public Sector banks more satisfied than private sector banks.

2.   Maximum customers of both the types of banks are either satisfied or fully satified with balance enquiry service and very less number of customers are in fully dissatisfied catogiries.

3.   No significant difference found in the satisfaction of consumers of public and private sector banks for printing of mini statement.

4.   Survey reveals that customers of private sector banks are comparatively more satisfied on the Bill Payment service of ATMs.

5.   In respect of Mobile Recharge facility through ATM, customers are more satisfied with private sector than with public sector.

6.   For money transfer function of ATM, (59.33%) maximum number of customers are in the catogiries of satisfied and neutral of public sector banks and 61.33% customers of private sctor banks are in these categories.

7.   Other features like security-safety-privacy and behaviour of ATM personal also influence the selection of ATM.

8.   Many of the customers were found during the survey having no knowledge of other features of ATM except than cash withdrawal.

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