Customer's Satisfaction For ATM Services In Bihar, India

Barun Kumar Jha [1*], Shilpa Sureka [2] and   Shitika[3]

1 Dept. of Applied Economics and Commerce, Patna University

2 Dept. of Management ,Gitarattan International Business School,Delhi

3. Dept. of Management, Lingaya's Lalita Devi Institute of Management & Sciences ,Delhi

Corresponding author: Barun Kumar Jha*

Abstract

This paper attempts to find out the satisfaction level of customers in ATM services in Bihar. For this purpose primary data was collected from 100 respondents of different bank ATM users of Bihar. Data was tested for normality and reliability and then analysed to meet the objectives.

Key-words – ATM, Customer Satisfaction, Service Quality

Introduction

Technology has been one of the most important factors for the development of mankind. Information and communication technology is the major advent in the field of technology which is used for access, process, storage and dissemination of information electronically. Banking industry is fast growing with the use of technology. In the last few decades, information technologies have changed the banking industry and have provided a way for the banks to offer differentiated products and services to their customers.

The introduction of technology-enabled banking service delivery probably started off with HSBC bank introducing ATM for the first time in India way back in 1987. Even though these electronic delivery channels were introduced by foreign banks and new private banks in order to surmount their limitation of fewer branches, of late even the public sector banks are also aggressively investing in these services. So the action in this field really got heated up during the last 10-12 years. On 27th June 1967 the first "Cash Machine" colloquially called as "Hole on the walls" and was described as "Mini-Banks" which was designed to allow customers access to cash 24 hours a day, outside of the restrictive opening times of banks. This is the origin of the Alternate delivery Channel for Banks services, via ATM which is the first such delivery channel Bank's started using.

Forty years ago cash was only available from 9-3 pm Monday to Friday and Saturdays from 9 -12.30 pm, and as cash was king queues outside branches on a Saturday morning to get weekend money were common. Now you can get money anytime, anywhere.

In India, ICICI bank was the first bank which offered this delivery channel, by kicking off its online services in 1996. Other private sector banks like Citibank, IndusInd Bank and HDFC and Times Bank (now part of HDFC bank) started offering internet services in 1999. State bank of India launched its services in July 2001. Other public sector banks like Bank of Baroda, Allahabad Bank, Syndicate Bank and Bank of India, also rolled its services during the same time. Banks in India currently offers "Fully Transactional Websites" to their customers. The customers would conduct a variety of transactions through internet banking facility which includes: account summary, details of historical banking transactions, funds transfer,

loan applications, bill payments, cheque book request, cheque status enquiry, stop cheque request, credit card payments/ statements, facilities to contact account managers, etc. In India, slowly but steadily, the Indian customer is moving towards Internet banking. However the success of e-banking isn't without its problems. Firstly the adoption of e-banking has not kept pace with that of internet usage. This gap is attributed to the lack of trust among bank customers, particularly among internet users age 65 and older. Secondly, customers still prefer face to face interaction due to reasons such as fear of the online environment and lack of trust in the internet. Recent literature on e-banking showed that the formation of trust can help reduce the impact of key inhibiting factors such as fears about using the online service among non-e-banking customers.

Objectives

- To examine the important dimensions of ATM service quality.
- To examine the customer's satisfaction in ATM service provided by banks of Bihar.
- To offer suggestions to improve ATM service of banks.
- To find out the main purpose of using ATM.

Methodology

For the purpose of the study primary as well as secondary data are used. The necessary primary data was collected from the sample respondents with the help of well-structured questionnaire. The secondary data and other reviews are collected from the books, journals, newspapers, government publications, annual reports, bulletins and VIP's addresses. The secondary data was also collected from Headquarters of each of the selected nationalized and private banks for the formulation and inclusion of the chapter, profile of the study. For study purpose primary data(N=100) was collected from customers of various leading banks of public and private sector of Bihar. A five point Likert scale ranging from strongly agrees to strongly disagree was adopted as the scale for the statements in the questionnaire and method of data collection was through personal mode. The survey questionnaire has been designed using 27 statements related to service quality dimensions i.e. Accessibility(3), Convenience(4), Efficiency(4), Responsiveness(4), Security & Privacy(5), Reliability(5). Analysis of the study is done with the help of the relevant statistical tools like Cronbach's alpha reliability test, 1 sample Kolmogorov-Smirnov Test etc. The data has been analysed by using SPSS 17.0 software.

Literature Review

Earlier research by Brownlie[1] (1989) has recommended that some consumers have positive attitudes towards ATMs based on dominant perceptions of convenience/accessibility/ease of use. As observed by Malcolm[2] (2008). On the other hand, Reichheld and Sasser[3] (1990) have recognized the benefits that customer satisfaction delivers to a bank. For instance, the longer a customer stays with a bank the more utility the customer generates. This is a result of a number of factors relating to the time the customer spends with a bank. Without usage of technology the banking sector cannot provide customers with a satisfactory service (Patricioet al., 2003)[4]. Effective service delivery is a new or significantly improved service concept that is taken into practice. Musiime and Biyaki,(2010)[5]. According to, Patricioet al. (2003) customers will use different service delivery systems dependent on their assessment of each channel and how it contributes to the overall service offering. Hence service satisfaction will not merely be based on isolated service encounters and experiences but rather on the overall feelings of satisfaction. With automated teller machines networks already in place in most of the urban areas, the drive is now focused towards the rural areas where the use of automated teller machines is still uncommon. Musiime and Biyaki,(2010). Kukkudi and Deene (2006)[6] study the impact of ATMs on customer satisfaction with special reference to SBH in Gulbarga district with sample size of 100 respondents. It concludes that ATM are used mostly by the age group of 25 – 35 years

comprising more male members. 79% uses ATMs weekly where 85 % are aware about the restrictions concerning ATMs usage and the numbers of ATMs are sufficient to meet current needs. It suggests popularizing ATMs among the maximum customers. Davies et al., (1996)[7] examined the factors that influence customers' satisfaction about ATM service quality. These factors include costs involved in the use of ATM, and efficient functioning of ATM. Al-Hawari et al. (2006)[8] compiled a list of five major items about ATM service quality that include convenient and secured locations, functions of ATM, adequate number of machines and user-friendliness of the systems and procedures. Pandian & Sharma (2012)[9] said that in this modern world where money plays an important role for survival ATM helps the people to take money whenever needed by them and also during emergency conditions. Shariq & Tondon (2012) observed that the customers prefer ATM use over other e-banking services. Nearly 95% of respondents use ATM services, followed by internet banking, and phone banking. Tuli, Khatri & Yadav (2012) analyzed that most important factor which influence customer to use the ATM services is it's convenience in use & availability of machines. Singh & Komal (2009) found that Size of respective bank, year of establishment, & performance of bank are the major factors which are responsible for the customer satisfaction towards ATM service of banks. Kumbhar (2011)[10] observed that other than cost effectiveness of ATM service perception about all service quality dimensions is approximately same in public and private sector banks. Overall results shows that cost effectiveness of ATM service were core service quality dimension and it were significantly affecting on overall customer satisfaction in ATM service provided by commercial banks. Komal and Singh (2009) had identified that customer satisfaction is one of the major factors measuring the performance of the banks. They examined the relationship between various ATM facilities, factors affecting the choice of ATM and its interplay with customer satisfaction. This study has analysed the customer satisfaction level in two terms, i.e. Material Customer Satisfaction (MCS) level and Abstract Customer Satisfaction (ACS) level. Customer satisfaction in material sense denotes the aggregate position of the banks in terms of fee charged, frequency with which problems are faced and post-purchase behaviour of the customers. In abstract sense, customer satisfaction level denotes the position of the banks in terms of post-purchase behaviour, the efficiency of facilities provided and the example of others using the ATM of the same bank. It indicated that there is direct relation between fee charged and customer satisfaction. The overall material customer satisfaction is highest in SBI, followed by ICICI and HDFC bank. In case of abstract customer satisfaction it is in reverse order; HDFC has the highest satisfaction level followed by ICICI and SBI.

Data Analysis and Interpretation

This section presents findings on the background characteristics of the selected respondents, services offered by the ATM, effectiveness of the ATM services and the relationship between ATM services and customer/respondent satisfaction.

Background characteristics of the respondents

In order to come out with demographic profile, the respondents were asked to state their gender, age, education, occupation, and income level.The result can be seen Table 1.

Normality of Data

Normality of data can be checked by 1 Sample K-S Test. If the value of K-S test is greater than 0.05then data is normal (Table - 2). From the table 2 it is clear that the K-S value of all the variables are greater than 0.05, so the data is normally distributed.

Reliability Test

The reliability has been calculated for different dimensions using Cronbach Alpha. Table-3 shows that the value of Alpha ranges from .613 to .883. The dimensions are therefore considered as reliable.

Findings of the Study

Table 4 shows the customers' satisfaction towards ATM through mean score. Mean values are more than 2.5 in all the cases, indicates that people of Bihar are satisfied from ATM service of various public and private sector banks. Results indicate that 'Convenience' has the highest mean score implying that it is the most important dimension of service quality. Thereafter 'Responsiveness' and 'Accessibility' are next important dimensions of service quality.

Purpose of using ATM

These days ATMs are used not only for cash withdrawal but a number of other services can be availed from them. Table 5 shows that maximum numbers of people (100%) are using ATMs for cash withdrawal. Seventy four percent (78%) of sample use ATM for balance enquiry. A very small percentage of sample use ATM for cash deposit (03%), transfer funds (02%), ordering cheque book (02%), bill payment (03%) and recharging pre-paid cards (01%). This shows that culture of using ATMs for other banking services is yet to grow in Bihar.

Reasons to Prefer to Use ATM

Literature finds a large number of studies that highlight the satisfaction of customers with ATMs. It is clear from the Table 6 reveals that 50% uses ATM due to its time saving nature i.e. in order to avoid long queue in banks, 05% like it for its faster transaction, 05% respondents prefer it as it is easy for them to use whereas 20% people are in favor of the view that it is easy for them because they don't have to search for bank every time as they can get cash or check their balance enquiry through mini statement (account statement) by using it frequently wherever there is an ATM counter. Above all 20% customers like it as it is having all the above criteria to meet the customers' satisfaction.

Conclusion

Out of total respondents more than 50% agreethat it is convenient and time saving to use ATM as it acts like a "mini bank" providing cash to the needy customers at anytime, anywhere whenever and wherever there is an ATM counter. May be it is restricted to withdraw cash up to a certain limit, still then it fulfills the customers' need in order to meet their growing demand at any time satisfying one of the best dimensions of BSQ level. Hence, banks should focus on important aspects of user friendliness, ATM functionality and availability of transaction receipts, security and privacy as well as frequent monitoring and maintenance of ATMs. Banks should also improve ATM features to suit customers and use this medium to build a strong and a sustainable relationship with customers. Majority of customers are aware about the Cash withdrawal services of ATMs. Balance enquiry service is ranked on second position on awareness scale. In the same manner majority of customer prefer ATMs for withdrawal purpose while second preference is given to mini statement facility. The awareness level about ATM services is affected by demographics of customers.

References

1. Brownlie J, Clarke M C & Howard, C J. The failure of the cytopathogenic biotype of bovine virus diarrhoea virus to induce tolerance, Immunobiology, 1989, 4:151.

2. Malcolm, A. Brimpong.. The effect of Customer satisfaction on loyalty [Project], 2008 . Retrieved 2011 from http://dspace.knust.edu.gh:8080/jspui/bitstream/123456789/683/1/MALCOLM%20A.%20BRIMPONG.pdf

3. Reichheld, F. and Sasser, W. Zero defects: quality comes to services, Harvard Business Review, 1990, 105-111.

4. Patricio, L, Fisk, R, Cunha, J. Improving satisfaction with bank service offerings: Measuring the contribution of each delivery channels, Managing Service Quality, 2003,13 (6):471-82.

5. Musiime, A. and Biyaki, F. Banks perception of Info Tech usage, service delivery and customer satisfaction: Reflections on Uganda's banking sector , 2010. Retrieved on 15th April 2011 from www.bankperceptions.co.ug

6. Kukkudi J. and Deene S. Impact of ATMs on Customer Satisfaction (A Case Study of SBH in Gulbarga District of Karnataka)'. Strategies of Winning Organizations. edited by Upinder Dhar. Santosh Dhar and Vinit Singh Chauhan. New Delhi :Excell Books ,2006, 509-15

7. Davies F, Moutinho L & Curry B . ATM users Attitudes: a neural network analysis.Marketing intelligence & Planning, 1996, 14(2), 26-32.

8. Al-Hawari Mohammed, Hartley Nicole , Ward Tony. "Measuring Banks' Automated Service Quality: A Confirmatory Factor Analysis Approach", Marketing Bulletin, 2005,16, 1-19.

9. Dharmesh M and Devendra S. Consumer Adoption & Satisfaction towards ATM Service: A Comparative Study of Udaipur City

10.Kumbhar Vijay M. Factors affecting on customer's satisfaction: An empirical investigation of ATM service", International Journal of Business Economics and management Research, 2011,.2(3):144-156.

Table 1:-Background characteristics of the respondents

		No. of respondents	Total
Gender	Male	87	100
	Female	13	
Age	Below 20	15	100
	20-30	45	
	30-40	32	
	Above 40	08	
Education	Under Graduate	15	100
	Graduate	55	
	Post-Graduate	25	
	Others	05	
Occupation	Business	05	100
	Profession	05	
	Govt. Sector Employee	20	
	Pvt. Sector Employee	30	
	Others	40	
Income	Less than 50,000	10	100
	50,000 – 1,00,000	05	
	1,00,000 – 2,00000	30	
	More than 2,00,000	55	

Table 2: Descriptive Statistics & K-S values

Variables	N	Mean	St. Deviation	1 Sample Kolmogorov-Smirnov Test
I can easily locate my bank's ATMs in my city	100	4.05	.925	2.785
I can locate my bank' ATMs easily when I am out of station	100	3.75	1.095	2.403
ATMs of my bank are easily found at all useful places like hospitals, malls, station etc	100	3.65	1.019	2.844
Screen language of my ATM is understandable	100	4.50	.595	3.498
Directions to operate ATM are clear	100	4.45	.592	3.234
[It is easy to operate ATM of my bank	100	4.50	.503	3.401
Menu options are aligned with their corresponding menu keys	100	3.95	.672	3.796
Touch screen of my bank's ATM is working smoothly	100	3.45	.744	2.702
Key pad of ATM machine is working properly	100	3.90	.541	3.733
I am happy with request processing time of my ATM	100	3.95	.592	3.336
ATM card is always accepted by machine in very first attempt	100	3.60	1.163	3.345
Processing of transaction is very fast	100	3.85	.796	2.747
I always find exact amount of money as requested by me	100	4.20	.603	3.299
My ATM slip always shows updated balance in my account	100	4.10	.835	2.523
Helpline numbers are displayed inside the ATM cabin and easy to locate	100	3.47	.998	2.215
My ATM grievances are settled within reasonable time by my bank	100	3.60	.804	2.906
Only one person is allowed to enter in ATM cabin	100	3.50	1.078	3.286
I feel safe & secure when I withdraw cash from ATM	100	3.45	.809	3.018
I feel safe & secure when I deposit cash to ATM	100	3.15	.857	2.195
I feel safe & secure when I enter my PIN/Password to ATM	100	3.75	.626	4.053
I am sure that my PIN will not be hacked	100	3.25	.770	2.772
In case of two ATMs in same premises, there is a partition between them to maintain privacy	100	3.35	.968	2.088
Balance in my account reduced without withdrawal of cash	100	2.05	.869	2.229
I never found my ATM out of cash	100	2.70	.959	2.173
I don't find fake currency notes from my ATM	100	3.85	.730	4.314
I am happy with denomination of currency of my ATM	100	3.60	.865	3.782
I always get mini statement	100	3.30	.905	2.305

Table-3: Reliability of Scale

Dimensions	Items in the scale	Cronbach Alpha
Accessibility	I can easily locate my bank's ATMs in my city	0.883
	I can locate my bank' ATMs easily when I am out of station	
	ATMs of my bank are easily found at all useful places like hospitals, malls, station etc	
Convenience	Screen language of my ATM is understandable	0.822
	Directions to operate ATM are clear	
	It is easy to operate ATM of my bank	
	Menu options are aligned with their corresponding menu keys	
Efficiency	Touch screen of my bank's ATM is working smoothly	0.807
	Key pad of ATM machine is working properly	
	I am happy with request processing time of my ATM	
	ATM card is always accepted by machine in very first attempt	
	Processing of transaction is very fast	
Responsiveness	I always find exact amount of money as requested by me	0.613
	My ATM slip always shows updated balance in my account	
	Helpline numbers are displayed inside the ATM cabin and easy to locate	
	My ATM grievances are settled within reasonable time by my bank	
Security & Privacy	Only one person is allowed to enter in ATM cabin	0.715
	I feel safe & secure when I withdraw cash from ATM	
	I feel safe & secure when I deposit cash to ATM	
	I feel safe & secure when I enter my PIN/Password to ATM	
	I am sure that my PIN will not be hacked	
	In case of two ATMs in same premises, there is a partition between them to maintain privacy	
Reliability	Balance in my account reduced without withdrawal of cash	0.704
	I never found my ATM out of cash	
	I don't find fake currency notes from my ATM	
	I am happy with denomination of currency of my ATM	
	I always get mini statement	

Table-4: Customers' Satisfaction towards ATM

Dimensions	Mean Score
Accessibility	3.81
Convenience	4.35
Efficiency	3.75
Responsiveness	3.8425
Security & Privacy	3.4083
Reliability	3.1
Total Service quality	3.71

Table-5: Purpose of using ATM

PURPOSE	Frequency	Percentage (%)
Cash Withdrawal	100	100
Balance Enquiry	78	78
Cash Deposit	03	03
Transfer Funds	02	02
Order Cheque Book	02	02
Bill Payments	03	03
Recharging of Prepaid Cards	01	01
Other Services	06	06

Table 6: Reasons to prefer ATM

ATM users	Number	Percentage (%)
Time Saving	50	50
Faster Transaction	05	05
Easy to use	05	05
Easy banking anytime/ anywhere	20	20
All of the above	20	20
Total	100	100