



# A STUDY ON CUSTOMER SATISFACTION TOWARDS ATM SERVICES

(With reference to Kanyakumari District)

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### Abstract

The Automated Teller Machine (ATM) is one type of innovation that can mechanically accept deposits, issue withdrawals, transfer funds between accounts, collect bills, and make small loans. The aim of this paper was to provide the customer satisfaction in ATM service of public and private sector banks in kanyakumari district. Customer satisfaction is a model to facilitate results that are significant, consistent and effective to forecasting the financial ability of an organization. This research customer satisfaction towards ATM services should be prepared with utmost carefulness. Determining customer satisfaction must be a constant, reliable, suitable, precise and consistent process. A new approach in customer satisfaction becomes an essential tool in strategic business units to the organization. The sample of the study comprises of 150 bank customers were selected based on Kanyakumari District. The data were collected from the respondents using a Stratified sampling method. Both primary data and secondary data were collected. Primary data was collected through structured Questionnaire and secondary data were collected through various journals, books, published articles, magazines, newspapers and websites. The present study analyzed the customers satisfaction towards ATM services.

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### Introduction:

Automated teller machine (ATM) banking is a popular access channel to banking products and services behind branch banking. Banks have been offering more access points to newer ATM technologies that are faster, secure and with a wider range of services that include cash depositing to achieve competitive advantage through the ATM banking. To retain bank profitability, expanding the base of satisfied customers is of essence. As such the concept of customer satisfaction and what makes customers

satisfied is an area of frequent market studies. Knowing the customer satisfaction towards ATM banking is of significance when it comes to deployment of ATM technologies..

An automated teller machine (ATM) is an electronic telecommunications device that enables customers of financial institutions to perform financial transactions, such as cash withdrawals, deposits, funds transfers, balance inquiries or account information inquiries, at any time. ATMs are alternative media for simple banking transactions. Compared to crowded bank



branches with long queues, people prefer to use ATMs for their simple daily transactions especially for cash withdrawals. Although some more complicated banking transactions and even credit applications can be handled by ATMs, people see ATMs mostly as cash dispensers. Customers also use ATMs in front of bank branches to withdraw money faster than they will do from the branch.

The ATM cards and their operations are generally centralized through core banking operations, with high security processor. They are two different ATM cards at present time, their namely domestic national card and international ATM debit / credit cards. The domestic national ATM cards can be used within India and international credit card can be even used in the foreign countries without any hindrances. The card issued by the central unit of bank climate to the customers based on the request of customers. After receiving the ATM card, the customers should physically visit the banks to activate and also the customer should visit the nearest ATM to create permanent identification number and further usage of card. In present day the ATM card operations is directly linked to smart phone of the customers for one time password (OTP) with the assurance of conditional communication. After the first operation, the customer can regularly change the PIN for the full security purpose. These plastic cards enable the customers to purchase all kinds of goods through online without any hindrance.

#### OBJECTIVES OF THE STUDY

- To analyze the factors leading to the adoption of ATM services.
- To analyze the Problems in the Usage of ATMS.

#### REVIEW OF LITERATURE

**Chi and Phong (2016)** found that two service quality factors that have impacts on ATM service quality of the bank, which are assurance and tangibles, in which assurance has the strongest effect on customer satisfaction.

**Frank (2016)** showed that intermittent network failure, problem of usage and fear of being duped lead to under utilization of ATM usage.

Withdrawals and phone recharge were identified as the principal services of ATMs.

**Rameshkumar (2016)** identified the most important usage of ATM among the users to be cash withdrawal, fund transfer and payment of credit card bill. The frequency of usage of ATM is noticed as higher among the employees and professionals whereas the dominant frequencies of usage among them are 4 to 8 times per month.

#### Statement of the Problem

The introduction and use of ATM system of banking has received different perceptions. One of the views is that, it may not have really created customer satisfaction for bank clients, and the other is that, it may have. Despite all the merits of the ATMs, customers still complain of shortfalls on the use of the system such as; break downs of ATMs, long queues at ATM service points, retention of customers' cards, limited knowledge on the use of ATM cards, fraudulent transactions and its operation in just a few languages. The impact of Automated Teller Machine cannot be ignored if meaningful goals and objectives are expected to be achieved (Balunywa, 2003). Automated teller machine is introduced into the banking system to enhance good services delivery and efficient customer satisfaction. Present problem in automated teller machine is the use of outdated or inappropriate technology and lack of adequate knowledge or experience about the machine being use is another problem facing automated teller machine. This study therefore examines the Automated Teller Machine on customer's satisfaction in the banks of Kanyakumari districts.

#### RESEARCH METHODOLOGY

The data required for the present study has been collected from both primary and secondary sources. The primary data was collected from customers of some public and private branches in kanyakumari district. A well-planned questionnaire was constructed for collecting primary data from the customers. Stratified Random Sampling method is used in this study. The secondary data was collected from associated research publications in books, journals and periodicals, dailies and reports



available on the chosen topic. Information on particular bank website and related websites are also used for data collection to develop theoretical background of customer satisfaction towards ATM services .

**ANALYSIS AND INTERPRETATION  
 FACTORS LEADING TO THE ADOPTION OF ATM SERVICES.**

The adoption of ATM depends upon so many factors like personal profile of customers and their level of acceptance of new technology,

relative advantage of new system. Ease of use. Compatibility and observability . The attributes of diffusion have a significant impact on the adoption of ATM. It is essential to examine these factors for future policy implications. The variables were drawn from reviews .These are ATM’s speed, Safety of personal information , Simple to understand, Adjustment , Accommodate the life style, Adoption, ATMs efficiency , Simple to accept , Simple to use, Perceived value.

**Table No: 1  
 FACTORS LEADING TO ATM SERVICES**

S.No	Variables	1	2	3
1	Accommodatethelifestyle	.757		
2	Adoption	.751		
3	Simpletoaccept	.725		
4	ATMsefficiency	.677		
5	Simpletouse	.655	.	
6	Perceivedvalue		.844	
7	Accommodatetheactivities		.844	
8	Acceptanceofnewthing		.672	
9	Safety			.829
10	Simpletounderstand			.757
11	ATM’sspeed		.	.643
12	Adjustment			.596

**SOURCE: PRIMARY DATA**

<b>KMO and Bartlett's Test</b>			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			
			.836
Bartlett's Test of Sphericity	Approx. Chi-Square	686.827	
	df	66	
	Sig.	.000	

The KMO of sampling adequacy and Bartlett’s test of sphericity have been conducted to test the validity of data, since their KMO measure is greater than 0.5 i.e. (.836) and the chisquare value is 686.827 at 66 degrees of freedom which is significant at 5% level.



Table: 2  
**FACTORS LEADING TO THE ADOPTION OF ATM SERVICES**

Sl. NO .	MAIN REASONS.	NO.OF. VARIABLES.	EIGEN VALUE	% OF VARIANCE EXPLAINED	CUMULATIVE % OF VARIANCE EXPLAINED
1	Usage	5	4.850	75.669	75.669
2	Acceptance	3	1.436	13.384	89.054
3	Speed	4	1.260	10.947	100.000

**SOURCE: PRIMARY DATA**

The variables ‘Accommodate the life style’(.757), ‘Adoption’ (.751), ‘Simple to accept’ (.725), ‘ATMs efficiency’ (.677) ‘Simple to use’(.655) with higher loadings can be combined together and are named as a factor called the ‘Usage’. The variables ‘Perceived value (.844), ‘Accommodate the activities’ (.844), ‘Acceptance of new thing’(.672) with higher loadings can be combined together and are named as a factor called the ‘Acceptance’. The variables ‘Simple to understand’ (.757), ‘ATM’s speed (.643), ‘Adjustment (.596) with higher loadings can be combined together and are named as a factor called the ‘Speed’. All the three factors explain the variables to the extent of 100 percent. The most important factor influencing the employees

as identified by the factor analysis is constraints and Usage since its Eigen values are 4.850 and 1.436 respectively.

**THE PROBLEMS IN USAGE OF ATM SERVICES**

The problems in usage of ATM services may be related to the profile of customers, their psychological fear on the usage, the technical fault in electronic devices, higher cost, poor in complaint handling, and poor service quality. In the present study, the important problems in usage of ATM services are drawn from Time taken for processing, Losing of ATM card, temporarily out of service, Higher service charges, Misuse of cards, Damage of cards, Limit for cash withdrawal and No cash.

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TABLE NO: 3  
**PROBLEMS IN USAGE OF ATM SERVICES**

S.No	Preference	Total Score	Mean Score	Rank
1.	Time taken for processing	7370	49.13	VI
2.	Losing of ATM card	7467	50.98	IV
3.	Temporarily out of service	8074	53.82	I
4.	Higher service charges	7104	47.36	VII
5.	Misuse of cards	7656	51.04	III
6.	Damage of cards	7443	49.62	V
7.	Limit for cash withdrawal	7750	45.37	VIII
8.	No cash	6806	51.66	II

**SOURCE: PRIMARY DATA**



The above table 3 reveals that the problems in usage of ATM services. The main problems regarding-banking service is “Temporarily out of service” since it is secured first rank with mean score (53.82), second rank goes to ‘No cash ’as it scored (51.66), third rank goes to ‘Misuse of cards’ as its score (51.04), followed by “Losing of ATM card” scored(50.98), “Damage of cards” (49.62), “Time taken for processing” (49.13), “Higher service charges” (47.36)and “Limit for cash withdrawal” (45.37).

#### FINDINGS

- The present study indicates that there is a significant association in Satisfaction level regarding various factors of ATM services provided by the Banks.
- .The factors leading to the usage of ATMs are examined with the help of 12 variables. The highly viewed variables are ATMs Perceived value and accommodate the activities respectively.
- The Garret Ranking Technique reveals that the respondent’s most influential factor to preference about the reasons for the problems in usage of ATM services is there is “Temporarily out of service”.

#### Suggestions

- The rate of usage of ATM services among the respondents is not at an appreciable level. This defect can be eliminated by customer conducting awareness programs on the usage of ATM services offered by the banks.
- Since most of the respondents are using the ATM for getting cash (cash disposal), the bankers are advised to keep sufficient amount of cash for ready disposal in the ATM at all times. Some of the branches are not keeping cash in ATM at all times. This affects the customers’ trust on getting cash when required. Hence, they are not willing to go for further functions of ATM with confidence. Since the bankers should create customer trust by providing 24 hours cash disposal in their ATMs.
- The provision of ‘safety and privacy’ in the ATM services offered by the banks are not up to the

level of expectation of the customers, the bankers are advised to fill up the quality gap through proper customer analysis. They are advised to provide safety measures to their customers. Similarly, the privacy in the ATM centre’s is not up to the expected level. Hence, the privacy must be focused and delivered to their customers in order to enrich customer satisfaction.

#### SCOPE FOR FUTURE RESEARCH

The present study will be a base for many future research avenues as follows. The study may extend its scope to the state level.

- ❖ The study may be enlarged to cover all on line banking measures.
- ❖ The future research may focus on the role of demographics of the public in the utilization of online banking.
- ❖ The future research may discuss the causes and consequences of online banking among the customers
- ❖ A comparative study may be undertaken on ATM services among the household and business customers in the near future.

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#### CONCLUSION

This study briefly explains the customer’s satisfaction towards ATM services. It also presents the traditional services as well as the modern services provided by the banks. The present generations is attracted more by the modern services as it is more attractive and time saving. From this study the researcher has learnt most of the people are using ATM services and the level of the customers is good. This study clearly shows the usage of modern services and its advantages. The variables related to the usage of ATMS, factors leading to the adoption of ATMS, customer satisfaction and the problems in the usage of ATMS derived from this study.If the bankers take necessary steps to take remedial



measures to promote satisfaction to the customers about the usage of new technologies.

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