

Impact on Customer Perception towards ATM Services Provided By the Banks Today: A Conceptual Study.

Dr.A.Vennila, S.Narendra Rathnaraj

B.Com(CA)., M.B.A.,M.Phil.,Ph.D.

CMS Institute of Management Studies,
Coimbatore.

Research Scholar,

Bharathiar University, Coimbatore.

Abstract:

ATM is one of the most popular delivery channel as it permits customers to do Anywhere, Anytime banking. Both, the bank and customers stand to gain in several ways. While ATMs bring down the cost per transaction, increase efficiency by reducing workload of staff, they help to increase accuracy, speed, save time, money and efforts of customers. Thus, ATM impacts the customer services and leads to better customer satisfaction. The banking system is facing challenges with stiff competition and advancement of technology. It becomes imperative for service providers to meet or exceed the target customers' satisfaction with quality of services expected by them. This paper explores the significant dimensions of ATM (automatic teller machine) service quality and its effect on customer satisfaction.

Keywords: : ATMs (Automatic Teller Machines), evolution, customer satisfaction, customer needs, environment.

Introduction:

Banking is the blood of the economy whose vitality signifies the health and prosperity of any nation. India had a system of indigenous banking from very early times, though it was not similar to banking in modern times. Since independence commercial banks have a wide network to operate in the country under RBI. Modern banks execute multiplicity of function by providing numerous products and services to the customer with the ultimate objective to increase profits along with customer satisfaction. Technology which comprises Core Banking Systems (CBS) have been put in place by private banks at the time of inception, while PSU banks in comparison were laggards but have now implemented CBS completely. However, cooperative banks are still in the process of implementing CBS. CBS prepares the bank to implement e-delivery channels like ATMs, Internet Banking, Mobile Banking, Telebanking etc. These channels offer customers convenience, anywhere, anytime banking. One of the most popular channels of banking service delivery is through the ATMs or Automated Teller Machines of which the traditionally and primary use was to dispense cash upon insertion of a plastic card and its unique Personal Identification Number (PIN). ATM is such type of innovation that can mechanically accept deposits, issue withdrawals, transfer funds between accounts, collect cheques, recharge mobiles and offer a vast variety of facilities to customers.

ATMs (Automatic Teller Machines) were introduced to the world in 1983. These modern marvels of technology were well received by consumers because they made it possible for them to access money from their credit cards or debit cards 24 hours per day with a quick and simple system. ATMs also made it possible for consumers to travel in a safer manner they no longer had to carry large amounts of cash with them. Instead, they could access money anywhere in the world with the help of the ATM. Although ATMs made certain aspects of life safer, it did make it easier for counterfeiters and thieves to take advantage of unsuspecting consumers.

ATMs have become a way of life and the banks which do not offer ATM services are by and large, not regarded favorably by the customer. The ATM industry consists of multitude of activities which is a major

cause of making e-banking a 24 hours service. In fact, electronic banking is profitable and possible due to services of ATMs. Because this service provides immense help to the customers in withdrawing cash from anywhere, anytime. There is quite a large prediction of ATM growth in India. When compared to the past few years, Indian banks have established ATMs at the hook and nook of the country to extend their facilities. Services like 24 hour banking, service at door step, telephone banking, internet banking, Extended Business Hours (EBH), speedy processing are only a few to mention.

Objectives of study:

- To study the customers preference towards ATM services provided by banks.
- To study the existing practices of customers towards the use of ATM cards.
- To analyse the various problems faced by customers in ATM centres.
- To provide suggestions on the basis of the results of the study.

Literature Review

ET Bureau (2011), —The Reserve Bank of India has asked banks to use technology more effectively with a focus on bringing down costs and improving customer services in its information technology (IT) vision document for 2011-17. Further, the committee, in the report, specifies the role of IT in banking —with the major objective being balancing the three Cs — cost, control and customer services. [1]

Vijesh R et al (2011), in the research paper mentions the benefits of providing valuable services through delivery channels “Deliver the services simpler, Deliver the services Fast, Deliver the services securely, acquire new customers, retain their existing customers, keep customers highly satisfied on the services provided, Lower operational cost, Lower transaction processing cost, Wider customer base irrespective of geographical barrier, Higher profits on bottom-line. [2]

Sachin Kumar (2011), the article throws light on the popularity of ATMs in India today based on the data released by National Payments Corporation of India (NCPI). The number of ATMs installed increased by 29% to 69,324 from January 10 to January 11. Similarly, the cash withdrawal increased by 142 % to Rs. 27,655 crore in January 11 from Rs. 11,429 crore in January 2010. The number of transactions including balance inquiry and cash withdrawal has increased by 121% touching Rs. 12.5 crore by January 11. This enhanced popularity is due to the increase in number of services (money transfer, mobile and electricity bill payment, income tax payment, cash deposit and air ticket booking) offered by banks through ATM. [3]

NivedanPrakash, in his article points the benefits of implementing core banking solution as —The foundation of a successful consumer banking strategy is to have a technology platform that can offer anytime, anywhere banking through multiple delivery channels like Internet banking, ATM, mobile banking, etc. A perfect CBS offers all of these with a lower TCO and higher ROI. Further, —With the exception of a few large co-operative banks such as Saraswat Bank and Shamrao Vithal Bank, there is little evidence of a comprehensive CBS implementation in the cooperative or small bank sector. However, there is momentum. Most co-operative banks still operate in branch banking mode, and are not expected to upgrade to sophisticated systems unless pushed by the regulator, and other agencies such as the FIU-India which tracks terrorist financing and money laundering activities, which would require the banks to centralize their customer information. [4]

Research Methodology:

ATM History

In simultaneous and independent efforts, engineers in Japan, Sweden and Britain. Developed their own cash machines during the early 1960's. The first of these that was put into use was by Barclays bank in Enfield town in North London, UK. On 27th June 1967 this machine was then first in the UK and was used by English comedy actor Reg Varney, at the time so as to ensure maximum publicity for the machines that were to become mainstream in the UK. This stance of the invention has been credited to John Shepherd-Barron of printing firm De La Rue, who was awarded an OBE in the 2005 New Year Honours. The first modern ATM came into use in the year December 1972 in the UK; The IBM 2984 was designed at the request of Lloyds bank. The 2984 CIT (Cash Issuing Terminal) was the first true cash point, similar in function to today's machines; cash point is still a registered trademark of Lloyds TSB in the UK. All were online and issued a variable amount which was immediately deducted from the account. A small number of 2984s was supplied to a US bank. In 1967 John Shepherd Barron, invented and installed an ATM in Barclay's Bank in London.

ATM History in India

In the world of banking, the developments in information technology had an enormous effect in development of more flexible payment methods and more user-friendly banking services. Online banking and other electronic payment systems are new and the development and diffusion of these technologies by financial institutions is expected to result in a more efficient banking system. This technology offers to the institutions an alternative or non-traditional delivery channels through which banking products and services can be delivered to customers more conveniently and economically without diminishing the existing service levels. However, the entry of private sector has posed the challenge of competitive environment to the public-sector banks in India.

These private sector banks have brought with them the advanced banking technology with alternate delivery channels such as Phone Banking, Mobile banking, Internet Banking, ATM etc. Out of all these e-banking services, the ever demanding and fulfilling the requirement of the customers is automated teller machines. So the efforts of the banks are to manufacture and install as much ATM's which could serve its services to the entire customers of the nation, be it rural people or urban people. To suit the needs of rural people, additional security device innovations are being made in the form of using camera inside the ATM which could compare the records with thumb impression (Bio-Metric) of the client for identification. The management of ATM includes loading of ATM with cash, arranging of money with bank with which cash is loaded, service of car that delivers cash if it is offsite situated, providing insurance for all areas such as theft of cash from ATM. Due to large expense involved in setting and situating an ATM at a particular place, these services are now days offered by independent service providers like privately owned ATMs.

Benefits to Different Users

To Customers

- i. Convenience to transact whenever and wherever required
- ii. Consistency of service
- iii. Variety of service at one point
- iv. Easy availability
- v. Security of transaction due to use of PIN
- vi. Sense of security due to less cash holding
- vii. Availability of good quality currency notes
- viii. Enhanced interest earnings.

To Banks

- i. Competitive edge/improved image
- ii. Reduction in staff workload and drudgery
- iii. Rationalization of staff strength with freed staff who can be focused on marketing, cross selling and customer relationship
- iv. Reduction in transaction costs and overhead
- v. Thinning of crowds in banking halls resulting in improved buying satisfaction and lesser need for space
- vi. Improved customer satisfaction
- vii. Improved housekeeping
- viii. Increased customer base
- ix. Advertising possibility on the screen of ATM display of promotional material
- x. Provision of product information at the ATMs
- xi. Increase in miscellaneous business
- xii. Substitutes branch banking.

To Others

- i. To concerns like airways/railways whose tickets are marketed and sold economically
- ii. To electricity boards/telephone departments who improve their image by providing easy options for their bill payment
- iii. To economy at large due to less circulation of cash.

Suggestions

ATMs have become a way of life and the banks which do not offer ATM services are by and large, not regarded favorably by the customer. There was a time when banking meant waiting in long queues during working hours on weekdays just to get a passbook updated or get the 'busy' bank staff to answer your queries. The need to provide personalized, speedy and cost effective services is pushing banks to further reorient and innovate the business model of banking and enabling technology. It has become inevitable and is seen as the only way for banks to survive in the increasingly competitive banking arena. Technology not only simplifies the banking process and service channels but also plays a holistic role in enabling financial inclusion. However, some bankers are of the opinion that unless the financial inclusion is supported in some form by the government it will not be a viable initiative. Many Indian banks have embarked on the journey of technology revolution and are at varying degrees of success. This is due to the fact that not all of them have understood diversity of their customer base and their varying needs. As one senior banker put forward bankers need to understand customer needs in rural India.

Conclusion

Banks must make concentrated efforts to educate female customers to use ATMs. For this purpose banks must hold training programmes for customers from time to time. Younger customers of the bank use these services more than the older generation. Banks must make efforts to educate them as well in the use of ATMs. Banks may also draw up special incentive schemes to induce customers to make maximum use of ATMs. Banking through ATM has not only transformed traditional banking but has also brought a paradigm shift in the attitude of banks to banking operations.

Sustainable development is largely about making links between disparate factors. There are some real tasks associated with online banking: digital inclusion and technological literacy are still major problems in Indian society and, must continue to be a priority issue for banks as they should be taking a major initiative. Change is inevitable in the modern banking environment, the successful banks will be those who can adapt the older channels to bring benefits to the newer ones and yet maintain the trust of the customers. If the study provokes the authority concerned to take some positive measures for improving the effectiveness of ATMs, the researcher will feel amply rewarded.

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