

A study on "Customer Satisfaction Towards Services Provided through ATMs in Malnad Rural Regions of Shimoga Dist. with Special Reference to SBM"



Commerce

KEYWORDS :

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1. Introduction

With financial liberalization, growth of new institutions and new attractive instruments in the financial markets, banking industry over the world is fast undergoing radical changes in its framework and operational modalities. Banks are diversifying for improving profitability, increasing absolute profits, expanding the volume of banking business and making the bank financially a viable unit. So, the expanding and diversifying banking system and complexities involved in the present day of bank's functioning in general compel banks to offer the best customer services. The present day customers expect more than allied and incidental services from the banks that are conducive to their main business of banking. The situation thus compels the banks to raise to the occasion and be ready with several other needs, services, schemes, for the benefit of customers and the public, which are allied to the banking business. So, they have diversified into a number of areas such as Merchant Banking, Leasing, Hire purchase, Mutual funds, Housing finance, Factoring, Venture capital besides some advisory services and Credit cards.

The last one and a half decades have witnessed a boom to consumer market due to increase in income levels and standard of living. Consequently the spending needs relating to travel, entertaining, purchase of consumer goods, etc have gone up in tune with the growing sophistication of the Indian economy. The increase has created a need for short period finance, for relatively small amounts, more for the purpose of convenience of expenditure operations than financing as a primary necessity. So increasing affluence combined with increasing complexity of life and increasing insecurity has led to the phenomenon of CARDS. They have come into operation during the last two decades and the same has assumed considerable importance during the last few years.

Cards are also known as "PLASTIC MONEY". It is widely used by the consumers all around the world. They provide convenience and safety to the consumers. They are a good substitute of cash and cheque. It saves the time and inconvenience of going to the bank for cash withdrawals. It is enough for the cash holder to carry only card with him while shopping, travelling etc.

Debit card is a document that enables an individual to withdraw cash at specified branches through debit to their saving or current accounts by use of Automatic Teller Machines or Debit Card. As these cards are operated through "Automatic Teller Machine", they are known as debit cards. Some banks are offering debit cards at free of cost to their saving and current account holders. In general sense, debit is known as ANY TIME MONEY, since this facility is available for 24 hours a day and also on holidays and non-banking hours. They are located not only at specified bank branches but also at other busy places such as shopping complexes, restaurants, hospitals, Petrol bunks etc. Having to withdraw from our own assets, there is no fear of overspending like credit card.

In the case of bank, cash withdrawals have to be done at the same branch where the customers deposit cash. But the debit card can be carried anywhere and can be used in any part of the country and over sometimes any part of the world when the issuer of the card has the facility of international acceptance.

The introduction of the debit cards brought up dramatic changes in withdrawing money. The nationalized banks, private sector banks and foreign banks are playing an important role in drawing a number of people to become debit cardholders through different facilities, and so the number of debit cardholders is increasing and is expected to increase much more. Day-by-day the usage of debit cards is increasing due to the convenience and safety offered by them. So, here an attempt is made to know why people are more interested in using debit cards and also to know about factors which are influencing on usage of debit cards.

2. Literature Review

P. Sugunalakshmi (January 2010), "ATM and its value added Service in the Indian banking Sector" this article states that, the technological advancement and stiff competition among the banking institutions to retain their customers have forced to diversify their service portfolios in such a manner that customers are highly satisfied in terms of accessibility, affordability, ease of use, recognition and provision of value added services (VAS). In this context, Automated Teller Machine (ATM) as an efficient and multi-functional channel ranks first among all the available virtual banking service rendering devices.

S. Banumathy, S. karpagam (July 2007), "ATM -A- User - Friendly mechanism or Not" this article examined the use of ATMs has greatly changed the lives of modern men and women. They have given an edge to the banks and financial institutions in efficiently carrying out their operation. They provide the advantage of accessing the account of customers any time anywhere, it is necessary to study the attitude of ATM users towards the facility.

B. Manoharan (2007), "Progress in ATM Technology" this article examined, banking industry is the first major non-military sector of the world economy to be computerized. The Technology has influenced every aspect of banking system. With the development of technology and advent of the Interest, customers. Expectation of Service and products have risen to great heights, Technology is providing support to the customers to become more aware of the bank they choose to give their business.

Michael Croal (May 16, 2011), "The case for ATM Deposit Automation" this article states that, branch rationalization plans are more important now than ever. Some banks justify their brick-and-master footprint as an acquisition source for new accounts and mortgages. The impact of intelligent ATMs and deposit automation on reduced teller and branch activity and the associated strategy implications. For an initial relationship set-up. The brick and master branch is still where most consumers go to establish new accounts. These consumers turn more and more to debit cards, direct deposit and online banking for customer service, the need for services that a branch can offer is further reduced.

Karen Epper Hoffman (Jun 14.2011), "Next Generation ATMs connect to customers" this article he examined, after years of expectation and experimentation, next-generation automated teller machines now clearly dominate the U.S. market, enabling banks to improve their connections to customers. Integration ATMs with other bank delivery channels is also a big

drives. 40% of respondent in a march 2011 survey by U.K. based ATM software developer level four software cited this their biggest focus in the coming year-more important than reducing down time of upgrading It infrastructure on teller Machines.

Mary Bellis (16 march 2010),”Automatic Teller Machines (ATM)”this article states that,ATM allows a bank customer to conduct their banking transactions from almost every other ATM allows a bank customer to conduct their banking transactions from almost every other ATM machine in the world. The idea of creating a “hole-in-the –wall machine “. That would allow customers to make financial transaction. ATM invention and field tested the bank reported that there was little demand for the new invention and discontinued its use.

Matutes, C. and A.J. Padilla [1994] concluded in their research entitled “Shared ATM Networks and Banking Competition” present a seminal paper on the factors that lead a bank to share ATMs with other banks. They consider a three-bank market, in which the banks are located around a circle. Within their model, there are both advantages and disadvantages to a bank considering sharing its ATMs with another bank. The advantage is that a bank’s customers will tend to accept a lower return on their deposits, as sharing lowers the customer’s expected transportation costs. The disadvantage is that by sharing, the bank reduces the differentiation its location distinction otherwise provides it with. They conclude that less than full sharing of ATMs will result in the equilibrium of their model.

Saloner, G. and A Shepard [1995] in their research entitled “Adoption of Technologies with Network Effects: An Empirical Examination of the Adoption of Automated Teller Machines” examine the deployment of ATMs by individual banks prior to the advent of sharing ATMs in the U.S. By considering the size of the bank and the geographic dispersion of the bank’s depositors, they are able to detect a significant network effect in the demand for ATM services by bank customers. They examine a dynamic model of investment. Banks whose customers have a higher willingness to pay for a service will invest in providing that service sooner than another bank that is similar in other respects. Saloner and Shepard find that banks that have a more extensive branch network adopted ATMs sooner than other large banks, as their customers could take better advantage of the geographic diversity of ATM sites (usually provided at a bank’s branches) in meeting their demands for cash

McAndrews, James (1996) in their research entitled “Retail Pricing of ATM Network Service” indirectly estimates customer demand for the size of the network, by estimating how the foreign fee varies as the size of the network varies. He finds that in the U.S. the foreign fee tended to increase in the size of the network up to a certain point, and decline thereafter. This result is interpreted in the context of a model in which ATM sharing displays both a demand-side network effect, and ATM switching displays economies of scale. The first effect dominates up to some size of network, and banks increase their retail prices, while the second effect dominates after networks reach large scale, allowing banks to lower their prices, although their price-cost margin remains high. In addition, McAndrews (1996) concludes that networks operating nearby exert little competitive influence on an entrenched network.

J. Ramohapremalatha, Dr. Ajay Kumar Sharma in their paper entitled “ A study fothe factors affecting customers satisfaction for ATM services in Vellore district”, this paper mainly highlighted some of the factors which are affecting the uses and the resulting satisfaction of ATM services in Vellore district.

3. Objectives

The primary objective of the article is to study the customer satisfaction towards services provided through ATMs in malnad rural regions. In addition to this, the following supporting objectives are set as under;

- To analyze the factors effecting the usage of debit cards.
- To study the awareness and problems in use debit card services

offered by banks.

- To know customers satisfaction about the service of banks through ATMs.
- To give some suggestions based on the study for the improvement of ATM services

4. Scope of the study

The study is about the usage of debit cards by the customers of the State Bank of Mysore and the geographical is limited to Thirthahalli taluk which comes under Shimoga district.

5. Hypothesis

The following hypotheses are set to test the concepts. They are as under;

H1: There is a relationship between the Age and usage of ATM card

H2: There is a relationship between the Education and usage of ATM card

H3: There is a relationship between the Occupation and Satisfaction towards services provided to customers through ATM.

H4: There is a relationship between the Education and Operational problems faced by customers.

H5: There is relationship between the Education and awareness about security measure

6 Hypothesis Testing

The above hypotheses are tested through chi - square test.

7. Research tool

This study is conducted through random sampling method.

8. Sample size

The sample size of this study is 200.

9. Sources of the Data

To fulfill the objectives of this study, the data is collected from both the primary and secondary sources. Primary data is collected from the banking customers, managers and staffs of SBM bank in Thirthahalli, Shimoga Dist. through structured questionnaire. The secondary data is collected from sources like internal records, various text books, newspapers, journals, websites etc.,

10. Analysis and Discussion

For the purpose of conducting study, malnad sub-urban place of Thirthahalli taluk which is in Shimoga district been selected. Data has been gathered with the structured questionnaire from 200 respondents including students, businessmen, professionals and agriculturalist with varied educational and different annual background. Data which is gathered from the study area is tabulated, analyzed and interpreted as under.

Table No 5.1: Demographic profile of respondents - Income wise

Annual Income	Gender			Percentage (%)
	Male	Female	Total	
Below ` 1,00,000	22	14	36	18
` 1,00,000 - ` 3,00,000	28	20	48	24
` 3,00,000 - ` 5,00,000	34	22	56	28
` 5,00,000 above	36	24	60	30
Total	120	80	200	100

(Source: Field survey)

The above table indicates that, out of 200 respondents, 60% are male and 40% of them are female and 30% of the respondents’ annual income is more than ₹ 5,00,000, 28% of the respondents annual income is between ₹ 3,00,000 to ₹ 5,00,000, 24% of the respondents annual income is between 1,00,000 to 3,000,000 and rest of the 18% have annual income below ₹ 1,00,000.

Ho: There is no relationship between the Age and usage of ATM card

H1: There is a relationship between the age and usage of ATM card

Table No. 5.2: Relationship between Age and usage of ATM card

Age	Usage of ATM card				Total
	Once in a month	2-3 times in a month	4-5 time in a month	More than 5 time in a month	
Below 25 years	03	09	17	31	60
25 years - 40 years	04	09	12	55	80
40 years - 60 years	05	10	03	22	40
60 years & above	08	12	-	-	20
Total	20	40	32	108	200

(Source: Field survey)

Table value @ 1% level of significance	Table value @ 5% level of significance	Computed value	Degree of freedom
21.666	16.919	52.907	09

The table value for 1% level of significance is 21.666. The table value for 5% level of significance is 16.919. The computed value is 52.907. Since, the computed value is more than both the table values. So null hypothesis is accepted and its result indicates that, there is no relationship between the age and usage of ATM cards by customers. This shows that, all the above said age groups are using ATM cards regularly.

Ho: There is no relationship between the Education and usage of ATM card

H2: There is a relationship between the Education and usage of ATM card

Table No. 5.3: Relationship between educational qualification and usage of Debit card

Education	Usage of ATM card				Total
	Once in a month	2-3 times in a month	4-5 time in a month	More than 5 time in a month	
Up to SSLC	04	04	-	-	08
PUC/ITI/ Diploma	08	10	02	-	20
Graduation	06	16	26	24	72
Post-Graduation	02	10	04	84	100
Total	20	40	32	108	200

(Source: Field survey)

Table value @ 1% level of significance	Table value @ 5% level of significance	Computed value	Degree of freedom
21.666	16.919	105.2	09

The table value for 1% level of significance is 21.666. The table value for 5% level of significance is 16.919. The computed value is 105.2. Since, the computed value is more than both the table values. So null hypothesis is accepted and its result indicates that, there is no relationship between the education and usage of debit card by customers. This shows that, using debit card has become very easy for the customers.

Ho: There is no relationship between the Occupation and Satisfaction towards services provided to customers through ATM.

H3: There is a relationship between the Occupation and Satisfaction towards services provided to customers through ATM.

Table No 5.4: Relationship between the Occupation and Satisfaction level of the customers

Occupation	Satisfaction level					Total
	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	
Agriculturalist	03	03	10	10	04	30
Businessman	30	14	04	-	-	48
Professionals	19	36	05	-	-	60
Student	15	30	11	03	03	62
Total	67	83	30	13	07	200

(Source: Field survey)

Table value @ 1% level of significance	Table value @ 5% level of significance	Computed value	Degree of freedom
26.217	21.026	86.227	12

The table value for 1% level of significance is 26.217. The table value for 5% level of significance is 21.026. The computed value is 86.227. Since, the computed value is more than both the table values. So null hypothesis is accepted and its result indicates that, there is no relationship between the occupation and satisfaction of services provided to customers.

This shows that, debit card facility is used by all kind of working people and all majorities of them are satisfied with the debit card facility provided by the banks.

Ho: There is no relationship between the Education and Operational problems faced by customers.

H4: There is a relationship between the education and operational problems faced by customers.

Table No 5.5: Relationship between the education and operational problems faced by customers.

Education	Problems in operation of ATM		Total
	Faced	Not faced	
Up to SSLC	06	02	08
PUC/ITI/Diploma	16	4	20
Graduation	15	57	72
Post-Graduation	10	90	100
Total	47	153	200

(Source: Field survey)

Table value @ 1% level of significance	Table value @ 5% level of significance	Computed value	Degree of freedom
11.341	7.815	57.75	03

The table value for 1% level of significance is 11.341. The table value for 5% level of significance is 7.815. The computed value is 57.75. Since, the computed value is more than both the table values. So null hypothesis is accepted and its result indicates that, there is no relationship between the education and operational problems faced by customers.

Ho: There is no relationship between the Education of customer and Awareness about security measures

H5: There is relationship between the Education of customer and Awareness about security measures

Table No. 5.6: Relationship between Education and Awareness about security measures

Education	Security Measures		Total
	Aware	Unaware	
Up to SSLC	2	6	08
PUC/ITI/Diploma	5	15	20
Graduation	62	10	72
Post-Graduation	95	5	100
Total	164	36	200

(Source: Field survey)

Table value @ 1% level of significance	Table value @ 5% level of significance	Computed value	Degree of freedom
11.34	7.82	73.91	03

The table value for 1% level of significance is 11.34. The table value for 5% level of significance is 7.82. The computed value is 73.91. Since, the computed value is more than both the table values. So null hypothesis is accepted and its result indicates that, there is no relationship between the education of customer and awareness about security measure.

This study has done more comprehensively in the research area but only important tables of hypothesis testing are covered in this article due to avoid the vastness of it. But the opinion of all the respondents are recorded and covered in the findings of the study.

11. Major Findings of the Study

The following are the major findings of the study. They are as under;

- There is no relationship between the Age and usage of ATM card. This reveals that, all the customers are using debit card irrespective of their age group.
- There is no relationship between the education and usage of ATM card because the operation of ATM is very convenient.
- There is no relationship between the Occupation and Satisfaction of customer services provided Banks.
- There is no relationship between the Education and Operational problems faced by customers.
- There is no relationship between the Education of customer and Awareness about security measures to safe guard their accounts.
- More number of banks in this region is attracting more number of customers through its good debit card service.
- Majority of the customers' agree that debit card is very essential for the modern life.
- More than 90% of the customers are having Savings Bank Account in the bank and majority of them are having debit card.
- Majority of the male members are using debit card when comparing to female customers in the region.
- 89% of the respondents using debit card for withdrawal of cash, 1% of them are using for fund transfer, 2% of them are using for balance enquiry and only 8% of them using for shopping.
- More than 50% of the respondents' opinion that ATM is not available in all the places required by them. Hence, they are not able to withdraw money from the ATM whenever they

wish to do it.

- 40% of the respondents are not happy with withdrawal limit from ATM
- 20% of the respondents' opinion that most of the time and most of the ATM's are running with insufficient money.

12. Major Suggestions of the Study

The following are the important suggestions for improving the effective operation of the ATM and other services to the customers:

- Banks must provide information about new up-dated technological services introduced by them to the customer time-to-time.
- Banks have to install more number of ATM for the convenience of customers in prominent places and residential areas.
- Banks needs to install ATMs in rural areas, so that rural people will also get to know about debit card and its usages. So this will leads to financial inclusion.
- RBI has to increase the withdrawal limit from ATM.
- Banks must make concentrated efforts to educate female customers to use debit cards more by conducting the training programs for time to time.
- Banks may also draw up special incentive schemes to induce customers to make maximum use of debit card.
- ATMs must be maintained properly by banks. Banks must ensure that uptime is near 100%. Air conditioners, UPS systems, key boards, Monitors etc. must always be in proper working condition.
- Problems of technical nature resulting in debiting of customer account without dispensing of cash should be rectified urgently. Care must be taken to ensure that such problems do not occur at all.
- Banks should ensure that the sufficient quality paper for printing of receipt.
- The system of transacting through ATM must be speedy, accurate and reliable. Banks must ensure that the technology adopted by them is the latest and most efficient.
- Customers do not use the debit card for the booking of railway ticket or to pay petrol or others; this is due to the surcharge levied. So bank should avoid such charges to attract customers and need to educate the customers about the proper usage of the card.

13. Conclusion

In the modern technological era, introducing technology has become a big challenge in all the sectors. Especially in service sectors like in banks introducing and implementing new technology has become essential. So, all the commercial banks, private banks and foreign banks are using core banking system. This is helping to the banker and its customers in many ways. Even majority of the customers are satisfied with the new technologies like ATM, E banking services etc., even many studies have proved that introducing new technology in banks leads to the financial inclusion in rural areas.

Among the services provide to the customers by the banks the ATM service plays a crucial role in the modern society. From this study we identified that, majority of them accepting that ATM has become a modern tool for dispensing cash due to advancement in technology and majority of the customers are highly satisfied with debit card services and view them as essential services. The customers prefer ATM with time and cost utility which provides efficient services. Despite drawbacks in ATMs, it is still preferred as it benefits the bank, employees and customers. It is thus, imperative for banks to ensure that undisrupted and efficient ATM service is provided to customers for best results.

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