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Case Study on Utilisation of ATM - With Reference To Erode Town

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ABSTRACT

Technological advancements bring in its wake innumerable cost – effective and time saving devices to benefit human beings. One such marvelous device in the field of banking is the ubiquitous ATM. Gone are the days when customers had to be at the mercy of the bank staff to withdraw money. The ATM has solved this problem, but only to the extent that the queues that were previously inside the bank premises during banking hours have now shifted to other locations outside the bank during off-banking hours. This has necessitated the opening of many ATM's so that the customers can access them at convenient points without wasting much time. But as there are two sides to a coin; the ATM is also not without its own share of defects. It is not hassle free and quite often puts customers to lot of inconvenience leading to dissatisfaction. This article presents the results of a primary study on the extent of utilisation of the ATM with reference to customers of seven banks - both public and private in Erode town.

Keywords : Research paper under banking sector

INTRODUCTION

The evolutionary trend from cash economy to cheque economy and onwards to plastic card economy is witnessed in the introduction of ATMs. ATM or Automated Teller Machine outwardly appears like a human weighing machine kept in Railway Platforms. These days, ATMs are securely placed inside the walls of bank's premises and other safety places. While a weighing machine measures the weight of a person in kilograms, the ATM measures the bank balance of a person in rupees. In the weighing machine you insert a coin and you get a card telling your weight and fortune. In ATM you insert a plastic card and you get brand new currency notes and your bank balance. Can we all get such currency notes from ATM?

PROCEDURE FOR OPERATING ATM

Customer service can be seen as an activity which provides time and place utilities for the customer and which also involves pre - transaction and post – transaction considerations relating to exchange process with the customers. Quality in service helps in retaining and developing the customers. It is concerned with the ability of an organization to meet or exceed customer expectations. Service quality is difficult to measure because it is after unclear what consumer expects; yet quality is a matter of meeting customer expectations. In other words, it depends on consumer's perception, which in turn is determined by the person doing the service, the technical outcome of the service and the overall image of the company whose employee is carrying out the service.

The banking sector in India is facing challenging times with advent of globalization, privatization and liberalization in India. The banks are now facing challenges on cost reduction, innovative products and technology. Such as Net banking, mobile banking, ATMs and bill payments are the buzzwords that banks are using to attract the customers.

ATM (or) Automatic Telling Machines is a means of convenience for customers. So much that most of the people have changed the acronym to Any Time Money. HSBC Bank was the first bank to introduce the ATM concept in India way back to 1987. Now most of the banks have their ATM out lets in India.

The advent of globalization, privatization and liberalization the competition in the banking sector has gone up and the customer service has become focal point. At the same time customer's expectations have gone up in terms of global standards. Hence, banks need to manage their operations efficiently and profitably and design innovative means of attracting and retaining customers. Using technology as a core input banking sector is providing better services such as Net banking, phone banking, mobile banking, ATMs, Bill payments, 7 days branch banking at door steps etc. Among all these service ATMs gained relatively significant popularity. To ascertain how far these services or facilities are useful to the customers in terms of accessibility, cost, convenience and problems associated with such service it needs an intensive study on periodical basis.

AUTOMATIC TELLER MACHINE (ATM)

The story of the humbly cash – dispensing machine started around three decades back. In India, HSBC set the trend and set up the first ATM Machine here in 1987. Since then, they have become a common sight in many of our metros. With more than 8,00,000 machines world wise, ATMs have made hard cash just seconds away all throughout the day at every concern of the globe.

ATMs are self service vendor machines help the banks to provide round the clock banking services to their customers at convenient places without visiting to the bank premises. They enable the banks to transact more business by offering various services in cost effective way on the one side and to get more customer satisfaction on the other. To avail the ATM services customers are provided with ATM card, which is a small plastic card with magnetic strips, containing information about the name of the bank, name of the customer, card number, validity period and signature panel. The magnetic strips contains information about the customer, which enables the bank to verify the identify when the card is inserted at the slot provided in ATM.

ATMs were allowed to set up by the Reserve Bank of India from the year 1996-97 at the bank branches, extension coun-

tries in special centers at convenient location, shops and establishments.

Some of the observations made by banking experts about the significant role of ATMs in banking services are shown here under. Keith Taylor, senior Vice – president, Financial Solutions division, NCR Corporation, expressed that "India is one of the world's lowest users of ATMs". He says that people still prefer cash and cheque transaction. He pointed out that the worldwide installed base of ATMs is over 1.1 Million Units. In India from a small installed base of 500 ATMs in 1998, it has grown to nearly 7,500 ATMs. He also expressed that ATM penetration in India is only 7 per million, while in case of developed countries such as in USA it is 1200 ATMs per million, China 44 ATMs per million, Thailand 100 per million and Philippines 60 per million.

Lonnie Anthony, Euronet India's Managing Director, expressed that "Over 5,000 ATMs to be installed during financial year 2004, which would work to Rs.750 Crore. He also says that over 400 ATMs added every month. There are 18 members ATM card in the country. In comparison, China has 470 M cards. He also suggests that we need to have 30-40 m ATM cards.

Swadhan is the name given to the ATM network of public sector banks and some private banks. Over the past year up to 44 banks in Mumbai, Vashi and Thane have become a part of Swadhan, a system of shared payments networks, introduced by the Indian Bank Association (IBA). The 44 members between them have 85 operational branches whose clients could swap the existing ATM card of one member's bank for the Swadhan Card to access the teller machines of this retail chain. A self evident testimony to the demand for ATMs from customers which was first triggered off over a decade ago in 1987 when the Hong Kong and Shanghai Bank first introduced ATMs in Mumbai.

With Swadhan it was hoped that Indian banks customers would be able to benefit from an ATM pool that solved the problems of single – ATM outlet banks and its attendant problems of limited access, distance and time.

P. C. Narayan, President of Global Trust Bank, classifies shared ATM networks in to two kinds viz. "Parent Child" and "Peer to peer". A good example of parent child would be large sized bank, which has a lot of ATMs and which it could offer to smaller banks to share the networks. Peer to peer would be a large bank coming together to build a national ATM network. All ATMs in generally having the sharing network with other banks.

A shared payment network is that where in ATM Card holders of one bank can have the access to avail the ATM services form the ATM of their bank and also from the ATM of their bank. It means, different ATM cardholders belonging to different banks, which are under the shared network basis. It helps the customers of both the banks to have accessibility of ATM services from different banks.

ATM's IN ERODE TOWN
ICICI Bank introduced ATM for the first time in erode Town in the year 2000. Now 25 ATMs have been opened by the public sector Banks and private Banks in Erode Town. UTI bank has three branches and ICICI, IOB, CB and IB have two branches each. Many new ATMs by different banks are in the offing.

ATM BRANCHES IN ERODE TOWN

Sl. No.	NAME OF THE ATM	TOTAL BRANCHES
1.	UTI Bank	3
2.	ICICI Bank	2
3.	HDFC Bank	1
4.	Indus Ind Bank	1
5.	(SBI) State Bank of India	1
6.	Corporation Bank	1
7.	Punjab National Bank	1
8.	South Indian bank	1
9.	The Lord Krishna Bank	1
10.	Kayur Vysa Bank	1
11.	Syndicate Bank	1
12.	IOB	2
13.	Canara Bank	2
14.	Indian Bank	2
15.	Bank of Baroda	1
16.	Dena Bank	1
17.	IDBI	1
18.	UCO Bank	1
19.	Bharat Overseas Bank	1
	TOTAL	25

Source: Primary Data

OBJECTIVES OF THE STUDY
The following are the specific objectives of the study.

1. To find out the problems of the customers of ATMs in Banks.

2. To analyze the ways to improve the functions of ATMs and eliminate the problems and

3. To suggest ways to improve the services rendered by these ATM's.

METHODOLOGY
The area of the study is Erode Town, Erode District of Tamilnadu. In order to study the problems of ATM customers a sample survey was conducted in Erode Town. The size of the samples taken for the study was 35 respondents. The present survey was carried in the last week of February 2012. Data for the study were collected from both primary and secondary source. Primary data were collected from respondents of Erode Town in seven ATM branches namely, HDFC, ICICI, Indus lnd Bank, UTI, Corporation bank, State Bank of India, and Karur Vysa Bank (KVB) in Erode Town. The total sample size is 35. The simple statistical tools of averages and percentages are only used in the study.

RESULTS AND DISCUSSION
An analysis of the results of the study follows.

TABLE – 1
DISTRIBUTION OF SAMPLE RESPONDENTS

Sl. No.	NAME OF THE ATMs	NUMBER OF RESPONDENTS
1.	ICICI Bank	5
2.	HDFC Bank	5
3.	Indus Ind Bank	5
4.	UTI Bank	5
5.	Corporation Bank	5
6.	State Bank of India	5
7.	Karur Vysa Bank	5
	TOTAL	35

Source: Primary Data

The distribution of the selected sample respondents in the study of ATMs' is shown in the table 1. As per this, five respondents were randomly selected from ICICI, HDFC, Indus Ind Bank, UTI, Corporation Bank, SBI and KVB. So the total sample size is thirty five. The seven banks were selected by convenience sampling, at the same time giving a fair representation to Public Sector Banks (PSBs) and private banks.

TABLE – 2
AGE- WISE CLASSIFICATION OF THE RESPONDENTS

AGE GROUP	ICICI	UTI	HDFC	Indus Ind	Corp. Bank	SBI	KVB	TOTAL
18 - 25 years	3 (60%)	1 (20%)	1 (20%)	2 (40%)	2 (40%)	1 (20%)	1 (20%)	11
25 - 30 years	1 (20%)	1 (20%)	3 (60%)	1 (20%)	1 (20%)	-	1 (20%)	8

30 – 35 years	1 (20%)	1 (20%)	-	-	2 (40%)	-	2 (40%)	6
35 – 40 years	-	-	-	1 (20%)	-	2 (40%)	-	3
40 – 45 years	-	2 (40%)	1 (20%)	1 (20%)	-	-	1 (20%)	5
45 – 50 years	-	-	-	-	-	2 (40%)	-	2
TOTAL	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	35

Source: Primary Data

It is clear from the table 2, that 18-25 and 25-30 age groups are higher and equal (per 3) in ICICI and HDFC. Where as age groups of 30-35 are higher and equal (2) in corporation Bank and KVB.

TABLE – 3
LITERACY LEVEL

QUALIFICATION	ICICI	UTI	HDFC	Indus Ind	Corp. Bank	SBI	KVB	TO-TAL
Primary	-	2 (40%)	1 (20%)	1 (20%)	-	-	1 (20%)	5
High School	-	-	1 (20%)	2 (40%)	1 (20%)	2 (40%)	1 (20%)	7
+2 level	-	-	-	-	-	-	1 (20%)	1
College	5 (100%)	2 (40%)	3 (60%)	2 (40%)	4 (80%)	3 (60%)	1 (20%)	20
Professional	-	1 (20%)	-	-	-	-	1 (20%)	2
TOTAL	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	35

Source: Primary Data

On the basis of education, the sample respondents at college level were found to be the majority. The percentage was 100% in ICICI, 60% in HDFC, 80% in Corporation Bank and 60% in SBI. The respondents' with primary school level is higher in UTI bank (40%). It is found that professional level respondents were 20% in UTI and 20% in KVB.

TABLE - 4
OCCUPATION STATUS

OCCU-PATION STATUS	ICICI	UTI	HDFC	Indus Ind	Corp. Bank	SBI	KVB	TO-TAL
Government Employee	-	-	-	-	-	2 (40%)	-	2
Business	-	3 (60%)	-	2 (40%)	1 (20%)	1 (20%)	4 (80%)	11
Student	1 (20%)	1 (20%)	1 (20%)	-	2 (40%)	1 (20%)	-	6
Private Job	4 (80%)	1 (20%)	4 (80%)	3 (60%)	2 (40%)	1 (20%)	1 (20%)	16
TOTAL	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	35

Source: Primary Data

It is seen from the above table 4, that the Private job and Business percentage is higher in ICICI, HDFC and Indus Ind Bank. But percentage of Government employees is high in SBI. ICICI, UTI, HDFC and SBI have equal percentage of student account holders ranging to 20%. In the Corporation bank 40% of the respondents are students.

TABLE – 5
SIZE OF THE FAMILY

FAMILY SIZE	ICICI	UTI	HDFC	Indus Ind	Corp. Bank	SBI	KVB	TO-TAL
Small	2 (40%)	2 (40%)	1 (20%)	-	-	1 (20%)	2 (40%)	8
Medium	3 (60%)	3 (60%)	4 (80%)	3 (60%)	5 (100%)	1 (20%)	3 (60%)	22
Large	-	-	-	2 (40%)	-	3 (60%)	-	5
TOTAL	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	35

Source: Primary Data

In Corporation Bank, medium size family is 100%. In ICICI, UTI Indus Ind and KVB medium size family percentage is 60%.

TABLE – 6
MARITAL STATUS

MARITAL STATUS	ICICI	UTI	HDFC	Indus Ind	Corp. Bank	SBI	KVB	TO-TAL
Unmarried	5 (100%)	2 (40%)	2 (40%)	3 (60%)	2 (40%)	1 (20%)	2 (40%)	17
Married	-	3 (60%)	3 (60%)	2 (40%)	3 (60%)	4 (80%)	3 (60%)	18
TOTAL	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	35

Source: Primary Data

ICICI Bank ATM's account holders are all unmarried. 5 (100%) of the account holders of UTI, HDFC, Corporation Bank and KVB ATM's 40 percentage of them are unmarried. 60% of account holders of are married. In UTI, HDFC, Corporation and KVB ATM's and 80% of account holder of SBI ATM's are married.

TABLE – 7
INCOME OF THE RESPONDENTS

PER MONTH INCOME	ICICI	UTI	HDFC	Indus Ind	Corp. Bank	SBI	KVB	TO-TAL
Below Rs.5000	2 (40%)	2 (40%)	2 (40%)	4 (80%)	-	1 (20%)	3 (60%)	14
Rs.5000 -10000	3 (60%)	-	3 (60%)	1 (20%)	2 (40%)	2 (40%)	2 (40%)	13
Above Rs.10000	-	2 (40%)	-	-	1 (20%)	1 (20%)	-	4
Student	-	1 (20%)	-	-	2 (40%)	1 (20%)	-	4
TOTAL	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	35

Source: Primary Data

The table 7, show that in UTI bank ATM's account holder's per month income category is in the range of above Rs.10,000 (40%) and in Indus Ind bank ATM's account holder majority income is less than Rs.5000 (80%).

TABLE - 8
PERIOD OF WITHDRAWAL OF THE AMOUNT

PERIOD	ICICI	UTI	HDFC	Indus Ind	Corp. Bank	SBI	KVB	TO-TAL
Month 1-5 time	4 (80%)	3 (60%)	1 (20%)	1 (20%)	-	3 (60%)	1 (20%)	13
Every day	-	1 (20%)	-	1 (20%)	1 (20%)	-	2 (40%)	5
Some time	-	1 (20%)	1 (20%)	-	2 (40%)	1 (20%)	-	5
Week 1-5 time	1 (20%)	-	3 (60%)	3 (60%)	2 (40%)	1 (20%)	2 (40%)	12
TOTAL	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)	35

Source: Primary Data

ICICI ATM's card holder withdraws the amount 1-5 times monthly (80%), UTI and SBI ATM's card holder withdrawal is at 60%.

TABLE – 9
SERVICE CHARGE

NAME OF ATM'S	SERVICE CHARGE COLLECTED	NOT COLLECTED SERVICE CHARGE	REASON FOR COLLECTION OF SERVICE CHARGE	TOTAL
ICICI	-	5 (100%)	-	5
UTI	1 (20%)	4 (80%)	Rs.2500/- balance decrease collect the service charge	5
HDFC	1 (20%)	4 (80%)	Rs.2500/- Balance decrease collect the service Charge	5

Indus Ind	2 (40%)	3 (60%)	Other Bank ATMs and holder withdraw amount	5
Corporation	1 (20%)	4 (80%)	Minimum Balance decrease	5
SBI	-	5 (100%)	-	5
KVB	-	5 (100%)	-	5
TOTAL				35

Source: Primary Data

SBI and KVB do not collect service charge from the ATM's account holder, Whereas UTI, HDFC, Indus Ind and Corporation Bank collect service Charges from the ATM's account holder. The respondents opine that the banks should not collect service charges since ATMs reduce the employee costs and the customer convergence in the banks.

TABLE – 10
MINIMUM AND MAXIMUM WITHDRAW THE AMOUNT

NAME OF ATM's	MINIMUM WITH-DRAW THE AMOUNT Rs.	MAXIMUM WITH-DRAW THE AMOUNT Rs.
ICICI	100	15,000
UTI	100	40,000
HDFC	100	15,000
Indus Ind	100	20,000
Corporation	100	15,000
SBI	100	10,000
KVB	100	15,000

Source: Primary Data

All ATM's Banks have fixed minimum withdrawal amount as Rs.100. ICICI, HDFC, Corporation Bank and KVB have fixed the maximum amount of withdrawal is Rs.15,000, but in UTI highest withdrawal amount is Rs.40,000.

PROBLEMS
Some Banks collect service charges for quarterly statement from customers. Some times when the minimum Balance amount decreases service charges are collected. Indus Ind Bank ATM machine creates problems withdrawal of the amount is rendered unable during peak hours. HDFC Bank collects service charges from customers. Corporation Bank ATM has to raise the maximum withdrawal amount and issue mini statement at the time of withdrawal.

SUGGESTIONS
1. To provide more advance technology and start ICICI ATM branch in small towns.

2. To provide Cash Deposits facilities.

3. To open ATMs' at Bus stand and Railway station and

4. To avoid levying service charges.

CONCLUSION
The ATMs when they are opened at proper places will definitely be a boon to customers as well as the banks. The customer is benefited in that he need not wait for the banking hours, go to the banks at inconvenient place and time and face the unhelpful employees the banks can save the time and cost of service and make use of the services of staff to more productive uses If properly used ATMs can entirely do away with the customer visiting the branch for his normal banking activities of depositing, withdrawing and knowing the transaction details.

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