CUSTOMER PREFERENCE TOWARDS USE OF ATM SERVICES IN PUNE CITY

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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. To analyse the relationship between demographic variable and preference to use ATM, a structured questionnaire is used to collect the data from a convenience sample of 300 customers from three sample cooperative banks in Pune city. Frequency and Percentage analysis and chi square tests are applied for data analysis and interpretation. Also, charts and tables are prepared for better understanding of the findings.

KEYWORDS: Cooperative Bank, Customer Preference, Customer satisfaction, ATM, delivery channel.

INTRODUCTION

Indian banking has evolved from cash economy to cheque economy and now to plastic card economy. In order to survive in a competitive environment, banks have been left with no other option but to adopt the technological changes. 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.

This study aims at analyzing the customer preference towards use of ATM services of cooperative banks viz. Vishweshwar Sahakari Bank Ltd., Pune, The Thane Janata Sahakari Bank Ltd., Thane and Abhyudaya Cooperative Bank Ltd., Pune with respect to some aspects such as use of services offered through ATMs, whether number of ATMs implemented in city are sufficient, regularity in working of ATMs, problems faced by customers and their opinions on various other related issues.

BACKGROUND

Traditionally, payments were made in cash but now various electronic based payments through ATMs, cards, EFT, ECS have made their presence. In e-banks the entire business is conducted electronically. Due to technology advancement efficiency of banks have improved retail banking and quality of services. Technology not only benefits banks but also other stakeholders like employees and customers. Thus, delivery channels like ATM have been put up by banks and have become popular with customers. However, all banks are not able to put up ATMs at the same pace.

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]

Nivedan Prakash, 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 ShamraoVithal Bank, there is little evidence of a comprehensive CBS implementation in the co-operative 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 which would require the banks to centralize their customer information”.[4]

Jham et al (2008), this study on Customer Satisfaction in the Indian Banking Sector, reports on the different satisfaction levels of the customers. The findings suggest that “while private banks have been able to attract the younger customers with higher educational levels, who are comfortable with multi channel banking, the customers of the national bank are older and more satisfied with the traditional facilities”.[5]

Banknet Publications (2007), this report is based on online survey of 316 respondents who were in the age range of 20-60 years, from cities spread across India. Majority of respondents belonged to Maharashtra, Tamil Nadu, Delhi, Karnataka, and Andhra Pradesh. An effort was made to ascertain through this survey ATM users perceptions towards accepting the ATM machines, value added services provided and the problems faced by users. The key findings of this study are enumerated below :

- There is an increase in the monthly usage of these machines as the plethora of services that banks have started offering are now being used by consumers.

- The most used of the value added services is Bill payment and pre-paid mobile recharges. The other services like mutual fund transactions and booking airline/rail tickets are not so commonly used, either because users are skeptical about the charges of using such services, or such services are not provided by the respective banks.

- Waiting in long queues is one of the bigger problems faced by ATM users. This show the need of additional machines to be installed at these high-demand areas.

- ATM depleted cash at a faster rate than what banks had assumed. This hints the inadequate cash management and the need for better forecasting of daily cash requirements at various locations”.[6]

**STATEMENT OF THE PROBLEM**

The sample Cooperative Banks have introduced ATM facility since the last four –five years.

As the use of ATM is increasing day-by-day, it is important to study the Customer Preference towards use of ATM services in Pune city. This study is one of such an attempt.

**OBJECTIVES OF THE STUDY**
To study the awareness and preference to use ATM services offered by select Cooperative banks in Pune city.

To study the problems faced by customers while using ATM services offered by select Cooperative banks in Pune city.

To identify the association between age and preference to use ATM services by select Cooperative banks in Pune city.

RESEARCH METHODOLOGY

SECONDARY SOURCES

Secondary information sources used for the present research include the journals and magazines and also include websites of banks.

PRIMARY SOURCES

A well-structured questionnaire was prepared and distributed to the customers of sample banks in Pune city at the ATM terminals to collect customer information.

TOOLS USED FOR DATA ANALYSIS

The data collected was analyzed through percentages, frequencies and chi-square tests are applied for the analysis of data. Charts and tables are also prepared.

PERIOD OF THE STUDY

The study was conducted during December 2011 to February 2012.

SAMPLING DESIGN

The state of Maharashtra has a strong cooperative movement and Pune city has number of cooperative banks. Three banks viz. Vishweshwar Sahakari Bank Ltd., Pune, The Thane Janata Sahakari Bank Ltd., Thane and Abhyudaya Cooperative Bank Ltd., Pune have been selected for the purpose of this study. 300 customers from the sample banks have been interviewed for purpose of data collection. The data is collected based on convenience methodology. All three banks have introduced ATMs and are members of ATM shared networks like NFS / BANCS 2000. Customers having experience of branch banking and ATM have been considered as respondents to collect information. This study is a type of exploratory research using purposive sampling technique.

HYPOTHESIS

The following hypothesis are set for the present research study:
1. Customers are not well aware and do not prefer to use ATM services offered by their banks.

2. Customers do not face problems while using ATM services offered by Cooperative Banks.

3. There is no association between age and preference to use ATM

**HYPOTHESIS TESTING & FINDINGS**

a. Effort has been made by the researcher to present the data collected in a tabulated, quantified and categorized manner. Thus, it is proved from Table No. 1 to Table No 7 that the respondents are well aware and prefer to use ATM services offered by their banks.

i. Table – 1 depicts the gender wise distribution of respondents.

**TABLE – 1 GENDERWISE DISTRIBUTION OF RESPONDENTS**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>174</td>
<td>58</td>
<td>1</td>
</tr>
<tr>
<td>Female</td>
<td>126</td>
<td>42</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>300</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source : Based on primary data

There are 126 (42 pc) female respondents while 174 (58 pc) are male respondents.
Gender wise distribution of respondents

![Gender distribution chart]

CHART – 1 SHOWS THAT MALES TEND TO USE ATM SERVICES MORE THAN FEMALES

ii. Table – 2 reveals the age wise distribution of respondents.

### TABLE – 2 AGE WISE DISTRIBUTION OF RESPONDENTS

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cum. Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 30 years</td>
<td>101</td>
<td>33.6</td>
<td>33.6</td>
</tr>
<tr>
<td>30-50 years</td>
<td>138</td>
<td>46</td>
<td>79.6</td>
</tr>
<tr>
<td>Above 50 years</td>
<td>61</td>
<td>20.3</td>
<td>99.9</td>
</tr>
<tr>
<td>Total</td>
<td>300</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Based on primary data

138 (46 pc) respondents fall in the age group of 30-50 years while 101 (33.6 pc) respondents fall in the age group that is below 30 years.
iii. All 300 (100 pc) respondents were aware that their banks provided ATM services.

iv. Table – 3 shows the respondents preference for using ATM over Teller.

**TABLE – 3 : PREFERENCE FOR USING ATM OVER TELLER**

<table>
<thead>
<tr>
<th>Preference for ATM to Teller</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>70.3</td>
</tr>
<tr>
<td>No</td>
<td>29.6</td>
</tr>
<tr>
<td>Total</td>
<td>300</td>
</tr>
</tbody>
</table>

Source: Based on primary data

211 (70%) respondents prefer to use ATM over Teller. About 29% respondents showed their preference to use both channels viz. ATM or Teller.

v. Table – 4 depicts that 279 (93 pc) respondents felt that ATM was essential, while 21 (7 pc) respondents felt that it was not essential. However, not a single respondent felt that ATM was not required.

**TABLE – 4 : NECESSITY OF ATM TO RESPONDENTS**
vi. Table – 5 reveals that 101 (33.6 pc) respondents use ATM daily while 89 (29.6 pc) respondents use it weekly. 67 (22%) respondents use the ATM fortnightly while 43 (14%) use it monthly.

**TABLE – 5 : FREQUENCY OF USE OF ATM BY RESPONDENTS**

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily</td>
<td>101</td>
<td>33.6</td>
<td>1</td>
</tr>
<tr>
<td>Weekly</td>
<td>89</td>
<td>29.6</td>
<td>2</td>
</tr>
<tr>
<td>Fortnightly</td>
<td>67</td>
<td>22</td>
<td>3</td>
</tr>
<tr>
<td>Monthly</td>
<td>43</td>
<td>14</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>300</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Based on primary data

vii. Table – 6 depicts that majority of respondents (45 pc) prefer to use any ATM based on their requirement and proximity to ATM.

**TABLE – 6 : PREFERENCE OF RESPONDENTS BASED ON LOCATION OF ATM**

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any ATM</td>
<td>136</td>
<td>45</td>
<td>1</td>
</tr>
<tr>
<td>Off Site ATM</td>
<td>87</td>
<td>29</td>
<td>2</td>
</tr>
<tr>
<td>On site ATM</td>
<td>77</td>
<td>25.6</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>300</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>
Source: Based on primary data

87 (29 pc) respondents prefer to use off-site ATMs while 77 (25 pc) respondents prefer to use on-site ATMs.

viii. Table – 7 shows ATM services used by respondents. While 100 pc respondents use cash withdrawal, balance check and mini statement facility, only 9.6 pc respondents use Fund Transfer facility. 249 (83 pc) respondents view their last few transactions.

**TABLE – 7 SHOWING USE OF ATM SERVICES BY RESPONDENTS**

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash withdrawal</td>
<td>300</td>
<td>100</td>
</tr>
<tr>
<td>Balance Check</td>
<td>300</td>
<td>100</td>
</tr>
<tr>
<td>Mini Statement</td>
<td>300</td>
<td>100</td>
</tr>
<tr>
<td>View Transactions</td>
<td>249</td>
<td>83</td>
</tr>
<tr>
<td>Fund Transfer</td>
<td>29</td>
<td>9.6</td>
</tr>
</tbody>
</table>

Source: Based on primary data

ix. Table – 8 shows the problems faced by customers while using ATM services offered by Cooperative Banks.

Table – 8 depicts the problems faced by respondents. The major problem faced by respondents is non-operational ATM which has been reported by 129 (43 pc) respondents. 103 (34 pc) respondents faced the problem regarding non-issue of receipt or the receipt printed was not legible. 91 (30 pc) respondents faced the problem that cash was over in the ATM machine especially over weekends or on holidays. The number of on-site ATMs belonging to cooperative banks is very limited and customers face a problem on this account.

**TABLE – 8 SHOWING PROBLEMS FACED BY RESPONDENTS**

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-operational ATM</td>
<td>129</td>
<td>43</td>
</tr>
<tr>
<td>Receipt not issued / Receipt printing illegible</td>
<td>103</td>
<td>34.3</td>
</tr>
<tr>
<td>Cash over</td>
<td>91</td>
<td>30.3</td>
</tr>
<tr>
<td>Less number of ATMs</td>
<td>76</td>
<td>25.3</td>
</tr>
</tbody>
</table>
Account debited but cash not dispensed 66 22
Transaction takes too much time 49 16.3

Source: Based on primary data

76 (26 pc) respondents faced a problem due to less number of ATMs. 66 (22 pc) respondents reported that their accounts were debited but cash was not dispensed from the ATM. Also, respondents faced problems as transaction takes too much time to complete as compared to ATMs of other banks especially private banks like HDFC, Axis bank etc.

Effort has been made by the researcher to present the data collected in a tabulated, quantified and categorized manner. Thus, it is proved from Table No. 1 to Table No 7 that the respondents are well aware and prefer to use ATM services offered by their banks. Table – 8 shows the problems faced by customers while using ATM services offered by Cooperative Banks.

To examine the association between age and preference to use ATM among the respondents, chi-square test was applied and the results are given Table-10.

Ho: There is no association between age and preference to use ATM

Ha: There is association between age and preference to use ATM

<table>
<thead>
<tr>
<th>TABLE – 9 USER PREFERENCE FOR USING ATM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
</tr>
<tr>
<td>Below 30 years</td>
</tr>
<tr>
<td>Age Group</td>
</tr>
<tr>
<td>-------------------</td>
</tr>
<tr>
<td>30 – 50 years</td>
</tr>
<tr>
<td>Above 50 years</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

X2 = 14.5417

Degrees of freedom = (c-1) (r-1)= (2-1) (2-1) = 1

The table value of X2 for 1 degree of freedom at 0.05 percent level of significance is 3.84. Comparing calculated and table values of X2, the calculated value is less than the table value confirming the association between the age and preference to use ATM services. Thus, the null hypothesis is rejected, and the alternate hypothesis is accepted.

**SUGGESTIONS**

On the basis of detailed study of Customer Preference towards use of ATM Services towards services offered by cooperative banks, it is clear that ATM services play a vital role in the banking activities. The various suggestions for improving the effectiveness of the ATM services of the cooperative banks are follows:
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.

Number of banks own ATMs must be increased. As the number of ATMs are less customers are forced to use off-site ATMs which form part of shared network and have to pay higher charges after the 5th transaction in a month.

Cooperative Banks must offer a better variety of services through ATMs. At present they are very limited in number. Only when this is done will visits of customers to branches reduce and both bank and customer will benefit in the true sense.

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.

Cash refilling at proper intervals must be made to ensure that cash does not get over in the cash stacks. This care should be taken over weekends and during holidays.

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.

Paper for receipt printing must always be available in the ATM centre and efforts should be made to refill the paper roll in time to avoid inconvenience to customers. Banks should ensure that the printing on the paper receipt is clear and of good quality.

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.

CONCLUSION

Banking through ATM has not only transformed traditional banking but has also brought a paradigm shift in the attitude of banks to banking operations. It is evident from the present study that a majority of the customers are highly satisfied with ATM 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. If the study provokes the authority concerned to take some positive measures for improving the effectiveness of ATMs, the researcher will feel amply rewarded.
FUTURE AREAS OF RESEARCH

i. Enhancing bank profitability through delivery channels

ii. Facing competition through technology products

iii. Attitude of bank employees to technology implementation

iv. Increasing efficiency of bank staff through technology implementation

REFERENCES

[1] RBI asks banks to use tech to cut costs, improve service, ET Bureau Mar 2, 2011


