



## A STUDY ON THE PROBLEMS FACED BY CUSTOMERS IN DEALING WITH ATMs OF PUBLIC AND PRIVATE SECTOR BANKS

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### **Abstract**

*The Indian ATM industry has seen explosive growth in recent times. ATMs represent the single largest investment in the electronic channel services for the Banks. Today in banking sector the era of technology and innovations have brought out easy access of banking transactions whenever and wherever we may need it. One of the most innovative features of modern banking is the availability of anytime and anywhere money that you need. There are various emergency situations when urgent monetary requirements are common. This has now become easier with modern banks establishing their ATM or Any Time Money machines almost in every neighborhood and region. An attempt has made in this paper to study the problems faced by customers in dealing with ATMs of the top leading public and private sector banks of Dindigul district.*

### **Introduction**

**The Indian ATM industry** has seen explosive growth in recent times. ATMs represent the single largest investment in the electronic channel services for the Banks. 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. Automated Teller Machines (ATMs) have gained prominence as a delivery channel for banking transactions in India. Banks have been employing ATMs to increase their reach. While ATMs facilitate a variety of banking transactions for customers, their main utility has been for cash withdrawal and balance enquiry. As at the end of October 2007, the number of ATMs deployed in India was 31,078. According to some estimates the total cash movement through ATMs across India was around Rs. 70,000 crores in FY 06. Clearly, industry watchers forecast a bright future for ATMs in India. While the ATM is a great service for customers, for the banks it means immense savings on the cost of operations. While a typical cash transaction carried out in a bank's branch premise would cost Rs 40 that in an ATM will only cost Rs 18 translating into a cost saving of Rs 22 per transaction.

**ATM** means neither "avoids traveling with money" nor "any time money, but certainly implies both. Slim **ATM** cards are fast replacing confounding withdrawal forms as a convenient way of getting your money from banks. In a way, they are rewriting the rules of financial transaction. A smart person no longer needs to carry a wallet- full of paper money on his person. All he needs to do is fish out an ATM (automated teller machine) card, insert it in the slot, punch in a few details and go home with hard cash.

**Automated Teller Machines (ATMs)** were the first well-known machines to provide electronic access to customers. With advent of Automatic Teller Machines (ATM), banks are able to serve customers outside the banking hall. ATM is designed to perform the most important function of bank. It is operated by plastic card with its special features. The plastic card is replacing cheque, personal attendance of the customer, banking hour's restrictions and paper based verification. ATMs have made hard cash just seconds away all throughout the day at every corner of the globe. ATMs allow you to do a number of banking functions – such as withdrawing cash from one's account, making balance inquiries and transferring money from one account to another – using a plastic, magnetic-stripe card and personal identification number issued by the financial institution.

### **Need for the Study**

The basic ATM problems faced by the customers to solve the bankers, and to analysis the comparison of private and public sector ATM services what are the major services provide by the both sector banks.

### **Scope of the Study**

Present study has been restricted to time period of study was 3 months SBI & ICICI banks of has been taken as a representative unit of private banks public sector banks. A survey of 243 people each from both the banks has been conducted who are the general people of the banks. Bankers and customers persons have been surveyed.

### **Review of Literature**

**Sultan Singh, Ms. Komal,(2009)** This paper presents the impact of ATM on customer satisfaction. This is a comparative study of three major banks i.e. State Bank of India, ICICI bank and HDFC bank. This paper has been divided into two sections. First section presents the introduction of ATM, brief history of three Banks compiled through the literature available in the field. It also includes the review of the various services provided by the three banks under study. Second



section presents the result obtained on the basis of the data collected for the three banks. A sample of 360 respondents equally representing each bank has been taken through questionnaire. Data has also been collected through interview also. Then various statistical tools have been used accordingly to compile the result.

**Hugar S.S. and Vaz N.H. (2008)** evaluate the customer orientation in public sector banks for 5 public sector, 3 new private sector and 3 foreign banks are selected. The study concludes that new private sector banks have more ATMs at the end of March 2006 followed by SBI group where 77.5 pc branches are fully computerized and 18.2 pc are partially computerized. Business per employee and profits per employee are higher in foreign banks where SBI has received more number of complaints followed by ICICI. The study also suggests adopting CRM by public sector banks to stand strong in competitive environment.

**Singal HK (2008), in his paper, "Financial Performance Of Banks In India,"** in ICFAI journal of bank management no 7, has examined that how financial management plays a crucial role in the growth of banking. It is concerned with examining the profitability position of the selected sixteen banks of banker index for a period of six years ( 2001 – 06). The reveals that the profitability position was reasonable during the period of study when compared with the previous years. Strong capital position and balance sheet place, banks in better position to deal with and absorb the economic constant over a period of time.

**Agboola A. A. (2006)** examines electronic payment systems and tele-banking services in 36 banks of Nigeria and data is collected through questionnaires from bank workers during 2005. Findings reveal that connectivity via use of Local Area Network (LAN) and wide area network has facilitated electronic transfer of funds. 35 banks have fully networked their system to ease communication of account information. The use of Smart Cards, Point of Sales System and computerized Credit Ratings are not very popular as less than half of the studied banks have fully adopted them. ATM, Electronic Home and Office Banking and Telephone Banking are the least fully adopted technologies due to low level of economic development, epileptic supply of power, high cost, fear of fraudulent practices and lack of facilities necessary for their operation. The study concludes that tele-banking is capable of broadening the customer relationship, retain customer loyalty and enable banks to gain commanding height of market share if their attendant problems are taken care of.

**Bank net India (2006)** conducted an online survey on 316 ATM users during the month of August-September, 2006 and survey is limited to India to get insight into users' perceptions. It is concluded from the survey that the most use (56 pc) of ATM services is for bill payments 41 and pre-paid mobile recharge where 64 pc respondents feel comfortable with depositing cash/cheques through ATM but they have to wait in long queues and find no money left in the machine. Most of the respondents (81 pc) claimed to know about fee charged at other bank ATMs and 20 pc demand more privacy. Overall, ATMs are preferred over branch banking by majority (95 pc) respondents show the increasing popularity of e-banking among the public.

**Kukkudi and Deene (2006)** study the impact of ATMs on customer satisfaction with special reference to SBH in Gulbarga district with sample size of 100 respondents. It concludes that ATMs are used mostly by the age group of 25 – 35 years comprising more male members. 79 pc uses ATMs weekly where 85 pc are aware about the restrictions concerning ATMs usage and the numbers of ATMs are sufficient to meet current needs. It suggests popularizing ATMs among the maximum customers.

**Rahman., et al (2012)** determined that e-banking is still a new technology in Bangladesh. International Journal of Scientific and Research Publications, Volume 3, Issue 9, September 2013 ISSN 2250-3153 [www.ijsrp.org](http://www.ijsrp.org) Chibueze. et al (2013) shows that electronic banking has improved returns on the equity of Nigeria banks.

### Objectives of the Study

1. To study the profile of the customers using ATMs.
2. To examine the problems faced by customers in dealing with ATMs.

### Research Methodology

Descriptive research design and survey method was adopted for this study. The study is based on both primary data and secondary data. Primary data collected through structured questionnaire from the selected customers. The study was conducted among Public and Private Sector banks by selecting one each from top performing banks in Dindigul District. Accordingly State Bank of India representing Public Sector bank and ICICI from Private Sector banks were selected for the study. Since the customer population is indefinite, equal number 125 each from the selected two banks were served with questionnaires which counts to 250 customers: out of which the filled in questionnaire in all aspects were found to be 243



only. Hence the sample size is fixed at 243 customers for the study. Judgement sampling was adopted for selecting the samples. Further, an interview schedule was administered among the managerial level employees of both the banks, the sample size of which constitutes 95 executives and census method was adopted.

#### **Data Analysis Tools Used**

- Percentage analysis
- Chi-Square Test

#### **ATM Services by Public Vs Private Sector Banks**

##### **SBI ATM Services**

The popularity of all the present banks in India is considerably gauged by the frequent presence of their ATM machine availability. And among them the State Bank of India is a frontrunner. SBI has one of the largest networks of ATM machines that are located not only in every neighborhood of cities and towns in the country. SBI has the largest network of ATMs in India - 45,000 as of June, according to RBI data.

There is a frequent availability of SBI ATM counters all over the country. You will find an ATM with every branch of the bank that is available in every city, town or village in the country. There are free standing ATMs available too which are stationed even in remote areas of the country to enable easy and anytime access for the people and travelers of the region.

ATM is one of the superfast innovations of banking. Now we can access our account for withdrawing money in less than 60 seconds with the SBI ATM card. At SBI ATM we can transact a minimum denomination of Rs.100. SBI ATM cards can be used in other bank ATMs also. There are other facilities wherein we can access a statement of account details and the balance of our account that is available.

Another important facility is that with Debit cards we can swipe the card for making payments at retail stores and shops of different kinds. There are no additional charges or taxes levied in this case as this is our money in our bank account that is used for a transaction. We can now use our ATM cards to make bill payments like SBI Credit card payments.

There is also a 24 hour helpline service of SBI ATM card which directly access the customer care centers of our city town, village or any other region. All information about the use of cards and any particular difficulty that we may be facing will be available here. There is also a list of certain service charges that are levied on your ATM card and additional charges applicable on transactions are all mentioned in the ATM rules book.

Having started to charge customers for excess usage of automated teller machines (ATM), the country largest lender State Bank of India (SBI) has decided to improve its services and appoint a single vendor for maintenance of its ATMs.

Recently, the Reserve Bank of India (RBI) allowed banks to charge their customers after the first five free transactions, starting from November 1.

“There are multiple vendors who are responsible for keeping up the maintenance of the ATMs, like one is responsible for air-conditioning, one for cleaning, one for running it, etc. This is becoming an issue. We have decided to appoint a single vendor who will be responsible for all the functions,” said SBI Chairman Arundhati Bhattacharya in a press meet to discuss the bank’s second-quarter earnings.

##### **ICICI Bank ATM Services**

ICICI Bank's widespread network of ATMs makes it easy and convenient for you to bank 24 hours a day. to find ATM/Branch.

With 13,820 ATMs set-up within India, we ensure that you are never too far from an ICICI Bank ATM. User-friendly graphic screens and easy to follow instructions in a choice of local languages, makes ATM Banking with ICICI Bank a smooth experience. We also have 4,450 branches within the country.

Now in addition to basic services like cash withdrawal, balance enquiry and mini statement, value added services such as funds transfer, open fixed deposit, pay utility bills, pay credit card bills, request cheque book, update mobile number, recharge mobile, ICICI prudential life insurance payment etc. could be availed from ICICI ATMs.



ICICI Bank's new initiative is special ATM counters for physically challenged people. Its special ATM machines for visually challenged people operates on a voice guided system with specially made function- display keys which guide them to operate the ATM.

- Customers can hear a voice with the help of headphones for transaction guidance
- The ATM provides language selection options.
- The ATMs are equipped with Video Surveillance devices.

ICICI Bank Limited is India's largest private sector bank with consolidated total assets of US \$ 124.76 billion at March 31, 2014. Its subsidiaries include India's leading private sector insurance companies and among its largest securities brokerage firms, mutual funds and private equity firms. The Bank's presence spans 18 countries, including India.

MasterCard is a technology that operate the world's fastest payments processing network, connecting consumers, financial institutions, merchants, governments and businesses in more than 210 countries and territories. MasterCard's products and solutions make everyday commerce activities - such as shopping, traveling, running a business and managing finances – easier, more secure and more efficient for everyone.

Visa Inc. is a global payments technology company that connects consumers, businesses, financial institutions, and governments in more than 200 countries and territories to fast, secure and reliable electronic payments. VisaNet is capable of handling more than 56,000 transaction messages a second, with fraud protection for consumers and assured payment for merchants.

**Table 4.1: Demographic Profile of the Customers**

Attributes	No. of Respondents	Percentage
<b>Respondents accounts in bank</b>		
SBI	130	53.5
ICICI	113	46.5
<b>Gender of the respondents</b>		
Male	121	49.8
Female	122	50.2
<b>Education qualification</b>		
P.G	136	56.0
U.G	80	32.9
Below 10 <sup>th</sup> and 12 <sup>th</sup>	27	11.1
<b>Age of the respondents</b>		
Below 30yrs	58	23.9
31-50yrs	124	51.0
Above 50yrs	61	25.1
<b>Occupation</b>		
Government employee	74	30.5
Business	149	61.3
Farmer	20	8.2
<b>Kinds of account maintained</b>		
Current account	17	7.0
Saving account	147	60.5
Credit account	79	32.5

Source: primary data

- Majority 53.5% of the respondents are having their accounts in SBI and 46.5% in ICICI Banks.
- Majority 50.2% of the respondents are female.
- Majority 88.9% of the respondents are Graduates.

- Majority 51.0% of the respondents are under the age category of 31-50 years.
- Majority 61.3% of the respondents are doing business.
- Majority 60.5% of the respondents are having savings account.

**Table 4.2: Usage of ATM Cards by Respondents**

Attributes	No. of Respondents	Percentage
Only my bank ATM	61	25.1
Other bank ATM	88	36.2
Both bank ATM	94	38.7
<b>Total</b>	<b>243</b>	<b>100</b>

Source: primary data

The above table shows that majority of 38.7 percent of the respondents are using ATM cards in their bank as well as other banks ATMs, while only 25.1 percent of the respondents are using their bank ATMs.

**Table 4.3: Reason of Using other Bank ATM Centers**

Attributes	No. of Respondents	Percent
No cash	7	2.9
Long distance	199	81.9
More crowd	37	15.2
<b>Total</b>	<b>243</b>	<b>100</b>

Source: primary data

The above table shows that majority of 81.9 percent of the respondents said their bank ATMs are at long distance and 15.2 percent are using other bank ATMs for the reason their bank ATMs are more crowded.

**Table 4.4: Problems Faced in ATM Withdrawals**

Attributes	No. of Respondents	Percentage
Machine was out of order	25	10.3
Card get blocked	71	29.2
Money could not be dispersed, contact your banker	147	60.5
<b>Total</b>	<b>243</b>	<b>100</b>

Source: primary data

The above table shows that majority of 60.5 percent of the respondents face the problem of money could not be dispersed, contact your banker; 29.2 percent of respondents said most often their card get blocked and 10.3 percent face the problem that the machine was out of order.

**Table 4.5: Solving ATM Complaints by Banks**

Attributes	No. of Respondents	Percent
Quickly	45	18.5
Take minimum time	175	72.0
Take too much time	23	9.5
<b>Total</b>	<b>243</b>	<b>100</b>

Source: primary data

The above table shows that majority of 72.0 percent of the respondents said the bankers take minimum time to solve their ATM complaints, 18.5 percent said bankers solve their complaints quickly and 9.5 percent said they take too much time to solve their complaints.

### Chi-Square Analysis

#### Hypothesis-1

H<sub>0</sub>: There is no significant relationship between the period of ATM card usage and solving ATM complaints.

H<sub>1</sub>: There is a significant relationship between the period of ATM card usage and solving ATM complaints.

**Table 4.6: Solving ATM Complaints by Bankers**

Attributes	Observed N	Expected N	Residual
Quickly	45	81.0	-36.0
Time taken	175	81.0	94.0
Take too much of time	23	81.0	-58.0
<b>Total</b>	<b>243</b>		

#### Period of ATM card usage

Attributes	Observed N	Expected N	Residual
Before one year	61	81.0	20.0
Before six month	88	81.0	7.0
Recently	94	81.0	13.0
<b>Total</b>	<b>243</b>		

#### Tested Statistics

	ATM Card Usage	Solving ATM Complaints
Chi-square	73.358 <sup>a</sup>	166.617 <sup>a</sup>
Df	2	2
Asymp.sig	.000	.000
a.0 cells (.0%) have expected frequencies less than 5.the expected cell		
b.the minimum expected cell frequencies is 81.0 the expected cell		

The expected cell frequency is less than the calculated frequency for the factors and therefore null hypothesis is accepted. Hence it shows that there is a significant relationship between the period of ATM card usage and solving ATMs complaints.

#### Hypothesis-2

H<sub>0</sub>: There is no significant relationship between age and problems in ATM withdrawals.

H<sub>1</sub>: There is a significant relationship between age and problems in ATM withdrawals

**Table 4.7 : Age**

Attributes	Observed N	Expected N	Residual
Below 30 yrs	61	81.0	-56.0
31-50 yrs	88	81.0	-10.0
Above 50 yrs	94	81.0	66.0
<b>Total</b>	<b>243</b>		

#### Problems in ATM Withdrawals

Attributes	Observed N	Expected N	Residual
Machine was out of order	74	81.0	-7.0
Card get block	149	81.0	68.0
Money could be dispersed	20	81.0	-61.0
<b>Total</b>	<b>243</b>		

### Tested Statistics

	Age	Problems in ATM withdrawals
Chi-square	73.358 <sup>a</sup>	93.728 <sup>a</sup>
Df	2	2
Asymp.sig	.000	.000
a.0 cells (.0%) have expected frequencies less than 5.the expected cell		
b.the minimum expected cell frequencies is 81.0 the expected cell		

The expected cell frequency is less than the calculated frequency for the factors and therefore null hypothesis is accepted. Hence it shows that there is a significant relationship between age and problems in ATM withdrawal.

### Analysis From Bank Executives

**Table 4.8: Banker's Opinion on Operation of ATMs**

<b>Problems solved by bankers on ATMs</b>		
Debit but not cash disbursed	10	10.5
Card locked	76	80.0
Pin number changes	9	9.5
<b>Amount loaded in ATMs</b>		
1 to 10 lakhs	67	70.5
11 to 20 lakhs	20	21.1
21 to 30 lakhs	8	8.4
<b>Type of cards operated in ATMs</b>		
Debit card	74	77.9
Credit card	8	8.4
Platinum card	5	5.3
<b>Amount limitation on debit card</b>		
Below Rs.30,000	88	92.6
Above Rs.31,000	7	7.4
<b>Amount limitation on credit card</b>		
Below Rs. 20,000	75	78.9
Above Rs.21,000	20	21.1
<b>Amount limitation on platinum card</b>		
Below Rs. 25,000	28	29.5
Above Rs.26,000	67	70.5
<b>Amount limitation on gold card</b>		
Below Rs. 50,000	22	23.2
Above Rs. 51,000	73	76.8

Source: Interview Schedule

- 80.0% of the banks solve the problem when the card gets locked.
- 70.5% of the banks load an amount of Rs. upto 10 lakhs in ATMs.
- 77.9% of the banks said customers use debit card in ATMs.
- 92.6% of the banks said the maximum withdrawal from debit card by customers is below Rs.30,000
- 78.9% of the banks said the maximum withdrawal from credit card by customers is below Rs.20,000
- 70.5% of the banks said the maximum withdrawal on platinum card by customers is below Rs.25,000

### FINDINGS

#### From Customers

- Majority 53.5% of the respondents are having their accounts in SBI and 46.5% in ICICI Banks
- Majority 50.2% of the respondents are female
- Majority 88.9% of the respondents are Graduates
- Majority 51.0% of the respondents are under the age category of 31-50 years
- Majority 61.3% of the respondents are doing business.
- Majority 60.5% of the respondents are having savings account.



- Majority of 38.7% of the respondents are using ATM cards in their bank as well as other banks ATMs
- Majority of 81.9% of the respondents said their bank ATMs are at long distance
- Majority of 60.5% of the respondents face the problem of money could not be dispersed, contact your banker
- Majority of 72.0% of the respondents said the bankers take minimum time to solve their ATM complaints; only 18.5% said their complaints are solved quickly.

#### **From Bank Executives**

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- 70.5% of the banks said the maximum withdrawal on platinum card by customers is below Rs.25,000

#### **Findings of Hypothesis**

- There is a significant relationship between the period of ATM card usage and solving ATMs complaints.
- There is significant relationship between the age of customers and solving ATM complaints by bankers.

#### **Suggestions**

- As suggested by the bankers, the instruction to customers at ATM centres should include “Please carry the slip if any problem is noticed by the ATM machine to your bank branch to help the banks to solve the problem”.
- At present there is no Complaint Book placed in the ATM centres. Hence, it is suggested that the banks should put a complaint book in ATM centres to record the complaints and suggestions by the customers.
- During festivals and holidays the banks can arrange to load amount atleast 2 times or more in a day to enable the ATM users to avoid running from one ATM after another to withdraw money.

#### **Conclusion**

With the extensive usage of ATM cum Debit Card by all walks of people, ATMs are now found even in the remote and interior villages of the country. It has ushered the concepts of modern banking among all segments of the population even to those who are usually inhabited far away from cities. It has played a key role in introducing modern technology to the people of the country and made life easier for them.

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