



## PERFORMANCE EVALUATION OF ATMS IN THIRUVANANTHAPURAM CITY - A CASE STUDY OF SBI FROM CUSTOMERS' PERSPECTIVE

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### **Abstract**

*Banks play a crucial role in the economic and social development of a nation. Now the Banks, at the global level, are very particular in adopting innovative products and services through advanced information technology. The support of information technology will help to improve the quality of the banking services. Banks have introduced ATM cards through which 24 hours banking can be done. The ATM card will allow the customer to withdraw at specified branch through debit to own savings or current account by use of ATM's. Customer is the backbone of every banking organization. Hence, only by satisfying its customers, the bank can perform its activities most effectively.*

*In this article, the authors have made an attempt to examine the performance of the ATM functioning in the Thiruvananthapuram City in Kerala with particular reference to State Bank of India from the perspective of Customers. The data have been collected with the help of a pretested structured interview schedule. For this purpose, 50 customers have been selected by following simple random method.*

**Key Words:** *Banks, Technology, Customers, Automatic Teller Machine, Customer Satisfaction.*

### **1. Introduction**

Banking industry is one of the oldest in the world. The emergence of paper currency as a medium of exchange has revolutionized the banking industry. It plays a major role in the economic development of every country. Banking in India originated in the first decade of 18<sup>th</sup> century. The first banks were the General Bank of India, which started in 1786, and Bank of Hindustan both of which are now defunct. The oldest bank in existence in India is the State Bank of India, which originated from "The Bank of Bengal" in Calcutta in June 1806. This was one of the presidency banks, the other two being the Bank of Bombay and Madras. The presidency banks were established under the charter of the British East India Company. They emerged in 1925 to form the Imperial Bank of India, which, upon, India's independence became the state Bank of India.

The State Bank of India has been established to operate on the normal commercial principles, with the only difference that, unlike other commercial banks in the country, it takes into consideration and responds in a progressively liberal manner the financial requirements of co-operative institutions and small scale industries, particularly in the areas of the country. The main objective of the State Bank of India are, to act in accordance with the broad economic policies of the government, encourage and mobilize savings by opening branches in rural and semi-rural areas and to promote rural credit, establish government partnership in the provision of co-operative credit, extend financial help for the establishment of licensed warehouses and cooperative marketing societies, provide financial help to small scale and cottage industries and to provide remittance facilities to the banking institutions.

Inventions and innovations make the way for technological sophistication. The support of advanced information technology will help to improve the quality of the banking services. The globalisation has engineered a strong foundation for the use of technology. Since the market conditions are now more competitive. In early 1990's most of the developed nations adopted technology for their customer service improvement with the help of technology there was firstly the introduction of Credit cards, Internet banking, Core banking, Debit cards, Automatic Teller Machine etc.

Now almost all banks including SBI, Indian Bank, HDFC banks etc have issued ATM cards through which 24 hours banking can be done at specified branches. The ATM card will allow the customer to withdraw at specified branch through debit to own savings or current account by use of ATM's. It is operated with the help of computers. It helps to speed up the banking activities. It also helps to customers and banking employees. It helps the banks effectively reaching out to a large customer base substantially a lower cost.

## 2. Objectives of the Paper

The present paper has the following objectives.

1. To identify the problems, if any, experienced by the ATM customers of State Bank of India in the Thiruvanthapuram City and
2. To assess the extent of satisfaction of customers while availing the facility of ATM.

## 3. Methodology and Data base

The present work is descriptive in nature. Both primary and secondary data have been collected and used for the preparation of this article. Primary data are collected from the ATM selected customers of State Bank of India in Thiruvananthapuram City through structured interview schedule. Secondary data have been collected from the published and unpublished reports of the SBI, journals, research reports and the relevant text books.

### 3.1. Sampling Size

The population of the study is the ATM cardholders of State Bank of India in Thiruvananthapuram City. In order to ensure a large sample size, 50 customers of SBT ATM have been selected for the purpose. Simple random sampling method has been employed for the selection of sample customers.

## 4. Review of the Related Literature

The important studies relevant to the present study are reviewed briefly below.

Ramalingam P. (2008) examined the usage pattern of credit card holders of SBI, ICICI and ABN banks of Kanchipuram town in Tamil Nadu. The study points out that higher income group and married persons utilizes the cards to the maximum mainly for impulse purchases due to convenience and Citibank cards are more popular because of dominance in advertising. The study concluded that Master and Visa cards are the leading card brands in India and suggested that the banks have to improve overall functioning to provide satisfied credit card services.

Mishra J.K. and Jain M. (2007) examined the various dimensions of customer satisfaction in nationalized and private sector banks. Two-stage factor analysis is computed to arrive at the dimensions of customer satisfaction. The study analyzed ten factors and five dimensions of customer satisfaction for nationalized and private sector banks respectively. The study revealed that satisfaction of the customers is an invaluable asset for the modern organizations, providing unmatched competitive edge; it helps in building long term relationship as well as brand equity. The best approach to customer retention is to deliver high level of customer satisfaction that result in, strong customer loyalty.

Catherine Gracber and Gregory N Fleming (2006) examined the effect of bank fees on customer satisfaction and loyalty. The report pointed out that banks routinely hits customers with an endless list of fees from small charges for using another banks ATM to hefty fees for bounced checks.

N. Gurumoorthy (2001) analyzed the history and progress of ATM banking in the world and particularly the Indian experience in ATM banking. He stated that computerization of branches, introduction of cash management products, remote access logins for corporate, mobile banking, internet banking and ATM banking are a few ways by which bankers use technology today to beat the competition.

Pathrose P P (2001) reviewed the various aspects of technology based banking development in India. He pointed out the key areas of technology i.e., convenience in product delivery and access, managing productivity and performance, product design adapting to market etc.

## 5. Results and Discussion

In order to fulfill the objectives stated above, certain variables are identified and analyzed. The variables analyzed are listed below.

1. Profile of the customers
  - a. Age group
  - b. Gender
  - c. Employment Status
  - d. Educational qualification
  - e. Average monthly income
2. Reasons for availing SBI ATM facility
3. Advantages of using SBI ATM
4. Difficulties Experienced in Operating ATM
5. The existing cash withdrawal limit

The results of the analysis based on the above stated variables are discussed below.

### 1. Age group and Gender of the Sample Customers

The classification of sample customers based on age group and gender is shown in Table 1.

**Table.1 Age Group and Gender of the Customers**

Age Group	Male		Female		Total	
	No.	Percentage	No.	Percentage	No.	Percentage
Below 20	5	18	6	27	11	22
20 - 40	13	47	10	46	23	46
40 - 60	6	21	4	18	10	20
Above 60	4	14	2	9	6	12
Total	28	100	22	100	50	100

Source: Primary Data

The table shows that number of male customers is comparatively high. It is seen that 46% of total customers are in the age group of 20-40 years, only 12% of the customers are senior citizens. Further, 20% of the customers are in the age group of 40- 60 years and 22% of the customers fall below the age group of 20 years.

### 2. Employment Status of ATM Customers

The employment status of the respondents is exhibited in Table 2.

**Table 2 Employment Status of the Customers**

Employment Status	Respondents	
	No.	Percentage
Students	10	20
Govt. Employee	9	18
Private Employee	12	24
Business	12	24
Others	7	14
Total	50	100

Source: Primary Data

The table shows that business persons and private employees constitute major segment of ATM customers. Only 20% of the customers are students and 18% are Government employees and balance 14% are included in other categories.

### 3. Educational Qualification

Education is an important factor in operating bank accounts. It helps to understand the procedure of financial transactions and operating the ATM machine.

**Table 3 Educational Qualification of Respondents**

Category	Respondents	
	Number	Percentage
Under graduate	8	16
Graduate	12	24
Post graduate	8	16
Professional	5	10
Others	7	14
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary Data

The table shows that 50 percent of the respondents are graduates, Post graduates and professionally qualified people. It is found that only 16% of the sample customers are under graduates.

#### 4. Average Monthly Income

The Monthly income of the respondent is an important factor influencing the use of ATM facility. The data on this variable is shown in Table 4.

**Table 4 Classification of Sample customers showing Average Monthly Income**

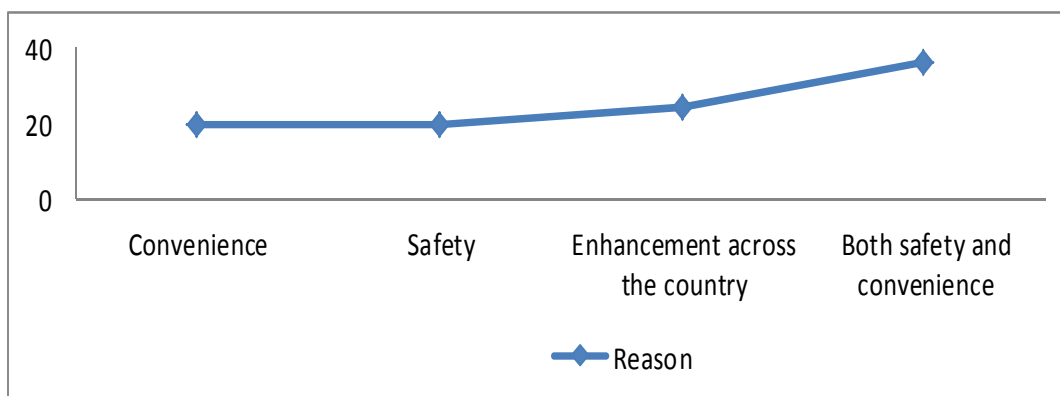
Monthly Income(Rs)	Respondents	
	No.	Percentage
Below 10000	8	16
10000-25000	16	32
25000-50000	10	20
Above 50000	16	32
Total	50	100

Source: Primary Data

It is clear that majority of the respondents have monthly income above Rs.10000, only 16% of the customers have monthly income less than Rs.10000. So it can be concluded that income is significant factor.

#### 5. Reasons for Availing ATM facility

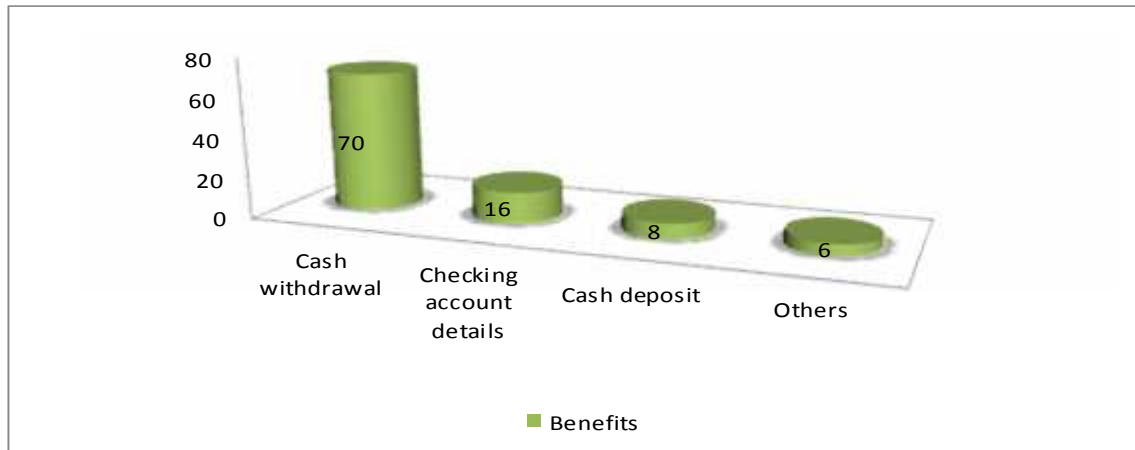
Different customers avail ATM facility with different objectives. It provides cash facility across the country and also provides safety in cash transactions. The analysis shows that most of the respondents (36%) use ATM facility because of convenience and safety. Another 24% of the customers use this facility because of enhancement across the country.



Source: Primary Data

### 6. Benefits/Advantages of Availing ATM facility

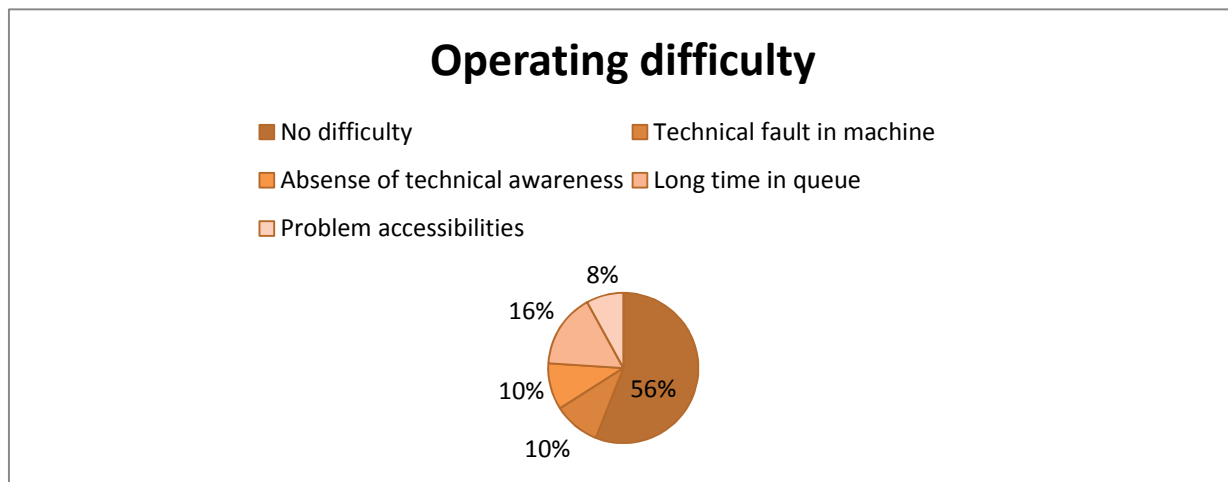
ATM facility provides certain benefits to the customer's such as cash withdrawal, cash deposit, verifying the account details etc. The analysis shows that most of the customers use ATM facility for cash withdrawal (70%), 16% use this facility for checking account details, 8% Of the respondents use ATM cards for depositing cash and rest of the customers use this facility for other purposes.



Source: Primary Data.

### 7. Difficulties Experienced in Operating ATM

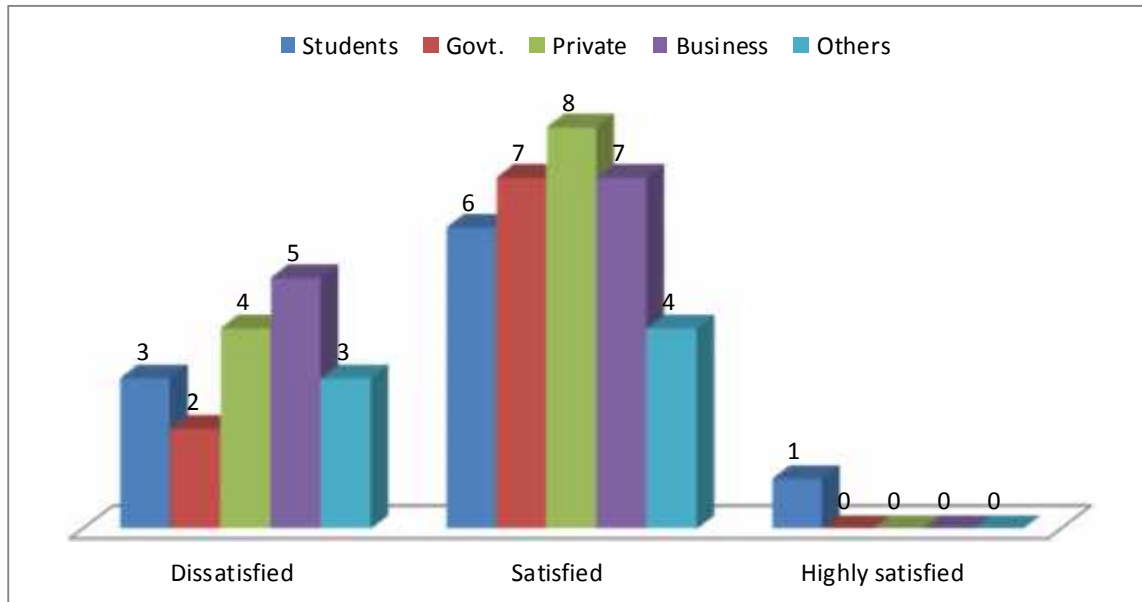
The survey data reveals that customers experience difficulties in Operating the ATM machine. Majority of the respondents opined that (56%) they do not face any problems while operating SBI ATM facility. The remaining 44% of the customers responded that they experience problems while using the ATM machine. Technical fault of the machine, absence of technical awareness, long queue in certain times, problem accessibilities are the major operating difficulties.



Source: Primary Data

### 8. The existing Cash Withdrawal Limit

Daily money withdrawal limit of SBI ATM is Rs. 40,000, daily debit transaction amount limit is Rs. 50,000 (while using your Debit-Cum-ATM card for shopping) and the combined money withdrawal limit is Rs. 90,000. The maximum utilization from State Bank Cash plus International Card per day is Rs. 1,45,000. The analysis reveals that majority of the respondents are satisfied with cash withdrawal limit of SBI ATM, Some of them are dissatisfied with the present cash withdrawal limit.



Source: Primary Data

### 9. Conclusion and Suggestions

State Bank of India provides a range of banking products through its network of branches in India and overseas. Most of the ATM users of State Bank of India are in the age group of 20-40 and 56% of the ATM customers are male. The use of ATM facility is more among the educated class. It is found that 24% of the respondents are graduates or post graduates or professionals. The study shows that 84% of the customers have an average monthly income more than Rs.10,000. High income groups are commonly use ATM facility of SBI. Most of the customers use SBI ATM facility because of convenience and safety

Majority of customers avail ATM facility (70%) for cash withdrawal. The other uses are for checking account details and for depositing cash etc. Majority of the SBI ATM users face no operating difficulty while using facility. The chief problems experienced by the customers are technical fault of machine and absence of technical awareness. It is found that majority of the respondents are satisfied with the present cash withdrawal limit

#### The following suggestions are offered for improving the present situation.

Banks can survive only through customer satisfaction and retention and hence steps may be taken by the bank to do the operation of the ATM machine more customers friendly. The bank can increase the present maximum daily withdrawal limit allowed to a customer according to the Volume of Deposits and the financial status of the customer. In order to overcome the problem of absence of technical knowledge, bank may provide adequate technical knowhow to the needy customers in time. Steps may be taken by the bank to rectify the frequent fault of the ATM machine without delay.

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