An Empirical Study to Identify the Factors Influencing the Customer Satisfaction of ATMs in India

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ABSTRACT

This exploratory study aims at identifying the influencing factors of customer satisfaction of Automated Teller Machines (ATMs). From the literature review and experts' suggestions, a research model has been developed which consists of six factors namely cash availability, transaction speed, long queue, perceived quality, ease of use and ease/certainty of fee payment. A newly designed questionnaire which was pre-tested on a group of customers has been used for data collection. The validated data have been analyzed using regression analysis to establish the relationship between the six independent factors and customer satisfaction. The results reveal that all the factors are found to influence the customer satisfaction and out of six, only long queue has negative effects as hypothesized. Cash availability and transaction speed are found to have a strong influence on customer satisfaction of ATMs.

Keywords: Automated Teller Machines (ATMs), Cash Availability, Customer Satisfaction, India, Influencing Factors, Transaction Speed

INTRODUCTION

The current generation has been getting the automation integrated into every walk of life. Technology is advancing the supervised automation with increasing security. The one standing example that has been fastening our life by saving the time spent on financial transactions is Automated teller machine (ATM) which is an electronic computerized telecommunications device that replaces manual teller in performing banking transactions. Cash machine, cash
dispenser and the hole-in-the-wall all refer to the ATM (Kevin & David 2008).

Right from the old ‘hole-in-the-wall’ through current ATMs, every design/model served its purpose well. The recorded modifications in its physical structures, hardware components and frontend/backend functionalities demonstrate the successful evolutionary stages in meeting the requirements of the people. Users from different financial background and financial activities have been served by ATMs. Hence, the functionalities should fulfill the needs of all users. The ATMs that are currently in use have different features like money withdrawal, money transfer, mobile top-up, e-bill payment, fee payment and so on. Furthermore, the security and privacy of account details have been assured by multi-level encryption techniques. Also, the instant acknowledgment through SMS for each transaction gives the users up-to-date trustworthy information about their account. Thus, the ATM holds a strong role in current scenario. As competition among banking sectors increases, and several modes of delivery of banking products and services are available, ATM has become an important issue not only in retaining customers but also gaining competitive advantages while maintaining and growing overall profitability (Folorunso et al., 2010).

Banking sectors have been adopting newer delivery channels for serving their customers. Technology has enabled decision makers to radically reorganize distribution, combining ATM networks, hub and spoke systems, centralized processing, etc., resulting in fewer branch outlets and reducing the number of human tellers employed (Moutinho & Smith, 2000). Despite, the successful introduction of net banking and mobile banking, their penetration rate in India is low. But, ATM still remains as one of the best and successful delivery channels for providing different financial services and supports. Consumers may initially select a financial institution based on factors like convenience, interest rates, availability of ATMs, online services and so on. But, the continuation of satisfaction with their choice will be based upon their satisfaction with the service provider in all of these areas (Haytko & Simmers, 2009).

Even though the banking sectors introduce new methodologies to meet the customer demands, they must ensure that these services provide convenience and comfort to the customers. Hence, customer satisfaction is an important and integral part of any business transaction. At this juncture, it is very much necessary and important to find out the reasons for the customer satisfaction or dissatisfaction toward any exchange. For this purpose, it is highly decisive to use a statistically designed periodical customer satisfaction survey to keep track of the updating needs and demands of their customers. Also, getting intelligence about the factors that impact customer satisfaction is wise and this could help the financial institutes in fine tuning those factors. Hence, in this study, an attempt has been made to determine the statistically significant factors that affect customer satisfaction of ATMs.

The paper has been structured in a way to give the conceptual flow of this empirical study in the Indian context. The following section elaborates the literature reviews followed by annotation of the research methodologies and then, descriptive analysis, regression analysis, managerial implications and conclusions.

**LITERATURE REVIEW**

A good quantum of literature has been found in the area of measuring and analyzing customer satisfaction in general. Out of those, a few research works deal with customer satisfaction of ATMs. The study by Mihelis et al. (2001) revealed the fact that private banks in Greece were very keen on meeting the customer’s expectation properly. Islam et al. (2007) evaluated the level of non-staff/staff customer satisfaction associated with various aspects of HSBC ATMs. Adherence to new technology is advisable A study in Botswana by Mobarek et al. (2007) uncovered the fact that the adoption of E-banking by banking sectors could improve their service to the customers. Considering an
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