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

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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 modi-
fications in its physical structures, hardware
components and frontend/backend functional-
ities 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 with-
drawal, money transfer, mobile top-up, e-bill
payment, tax payment, fee payment and so on.
Furthermore, the security and privacy of account
details have been assured by multi-level encryp-
tion 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, central-
ized 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 intro-
duce new methodologies to meet the cus-
tomer 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 satisfac-
tion of ATMs. The study by Mihelis et al.
(2001) revealed the fact that private banks in
Greece were very keen on meeting the cus-
tomer’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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