

A Study on Importance Usage of ATM

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ABSTRACT: Information technology is a rapid growing sector now a day. Daily new inventions are taking place in market. In financial sector especially the banking sector there are so many new technologies are taking place in financial operations. ATM is an important invention for banking sector. The wonders of modern technology have made it possible for bank customers to interact with an electronic banking facility as Automated Teller Machine (ATM) rather than with a human Being for cash transactions. Electronic banking is one of the newest services offered by almost all banks to their customers. Electronic banking involves amongst others, Automated Teller Machine (ATM), Point-Of-Sale (POS), and Telephone banking and so on. The high cost of setting up and operating full-service branch offices has led recently to a sharp expansion in limited-service facilities such as Automated Teller Machines (ATMs). The use of ATM has grown rapidly in popularity because of its low banks transactions costs and customers convenience which has made it a basic element of today's financial service offering. However, the ATM which is meant to serve the customers better is now becoming a frightening for some customers because of fraud perpetuated in their accounts through ATM withdrawals. This unpleasant experience by customers is one of the challenges of the ATM through all over the world. As the ATM works without any human teller interactions It is designed with so many security features so that a costumer can perform banking financial transactions without any problem with secure transactions but remain there are some vulnerabilities are there which make the transaction unsuccessful and unauthorized transactions can be made using ATM.

1. INTRODUCTION:

An automated teller machine or automatic teller machine (ATM) is a device that provides the clients of financial institutions with access to money transactions in a public space without the need of bank customers. The modern ATMs, the customer is identified by inserting a ATM card with a chip that contains a unique card number and some data such as an expiration date, CVV(Card Value Verification) code and customer name. Customer identification and authentication is provided by the customer providing a personal identification number (PIN). Using an ATM system, customers can access their bank accounts in order to make money withdrawals, debit card fund advances, and check their bank account balance. Fraud against ATM system and people's try to use them takes several methods. Once customer's bank card is lost and the password is known, the hacker will draw all the money in the short span of time, which brings huge money losses to customer. Unlike bank system, ATMs does not require any person performing the transaction to present his picture identification such as sign and his physical presence. If the bank card is stolen by the criminal and the PIN number is known, a criminal person can easily make an access to the bank account.

There has also been lot of incidents of criminal by the Man-in-the-middle attacks, where criminals have attached card readers or fake keypads to the existing ATM machines. These fake keypads will be used to read customers' PINs and transaction password in order to make unauthorized access to the bank customers.

2. REVIEW OF LITERATURE:

Bank Management by Timothy W. Koch, S. Scott
The Author in this book writes about Financial Services. The author says that the financial services differ from country to country. It highly depends on the rules and regulations in the country. The author differentiates between Transaction Banking verses Relationship Business Models. They say that the banks facilitate the customer by reducing the transaction cost and increase the amount of information for the customer. They mention that large banks provide transactions at lower cost and the products are highly standardized. Though this is true, there are many community banks which are functioning equally strongly. One of the reasons mentioned is that the community banks depend more on relationship banking. Relationship banking refers to giving value added services like tax planning, credit policies. They emphasize more on

relationship with the customer and providing them more customized support. This is in addition to the standard transaction services given by and large to all the customers of the bank.

The book also mentions about Universal Banking, i.e. generic services that are expected by customers. E.g. brokerage services, loan services.

The book mentions about branch banking. The authors say that many banks have expanded their network by operating extensive branch bank networks. This is done in two ways:

1. Interacting Face to Face with the customer.
2. Electronically via ATM machines.

The book also mentions that there are two types of branches:

1. Standalone Brick-and-Mortar buildings.
2. In-store branches.

Brick-and-Mortar branches offer a complete set of banking services. In store branches are located in retail outlets like supermarkets and offer limited services e.g. withdrawal, balance check, mini statement etc. They are characterized by high volume traffic.

The book also mentions about ATM's. The customers can do a limited set of transactions via ATM's regardless of the geographical location or sometimes even irrespective of the bank. Many banks allow customers of other banks to do their transactions without charging any kind of transaction fees. Some banks do charge some transaction fees for customers from other banks.

The book mentions about Internet Banking which allows the customers to access their account information virtually from anywhere and conduct routine banking business via secured web sites. Typical services include account review, bill payments, funds transfer and applications for loans and opening of a new account. This has been risky since there are many hackers who hack accounts and transfer funds to some other accounts.

The book also mentions about mobile banking. The typical transaction that can be done via mobile banking are balance checks, funds transfer, bill payments, loan payments, ticketing.

The author emphasizes on call centers which form the backbone for the above mentioned services. The author also says that all call centers are not so effective to provide better services.

Banking and Financial Services Melanie L. Fein, Esq Fein

In this book the authors mention about the Brokerage Services. The authors have written about the transactions in shares and mutual funds. The authors have also mentioned about banking transactions with affiliates. They also mention

about the legalities in transactions via affiliates. They have emphasized on the legal norms and agreements with affiliates.

2 Koch Timothy, S. S. (2009). Bank Management. Cengage Learning.

3 Melanie L. Fein, E. F. (2006). Banking and Financial Services. Aspen Publishers.

The book does not mention much about technology and its role in the transaction activities.

Financial Services Information Systems Jessica Keys

Section 2 of this book contains Banking trends in technology. This section mentions the best practices in banking technology. It also mentions about the merits and demerits of technology in banking. It also mentions about the emerging trends in Retail Banking and how new methods of transactions and banking are adopted by the banks and how the customers are exploiting the same for their own benefits. Sub topic 3 (chap 35) of this section mentions about systems that are required for serving global customers and facilitating global transactions, multi country transactions in different forms and different currencies.

Subtopic 4 (chap 36) gives a brief history of Internet banking. It mentions about the evolution of internet technology and its use in Banking systems and Retail Banking. It also mentions about the transactions that are possible via internet and the methods for the same. It talks about the limitations of internet banking. The advantages and disadvantages about internet banking are also highlighted. The author emphasizes on technologies like data mining and distributed computing.

Subtopic 5 (chap 37) mentions about electronic bill payments. It mentions about the origin of bill payments via internet. It also mentions about how internet bill payments changed the process of home banking and in turn added to online payment systems.

Subtopic 6 (chap 38) mentions about Customer Self Service. It talks about the use of ATM networks by the customer to solve their own queries e.g. balance checks, transaction statements, changing the pin etc. It also mentions about the additional services that can be facilitated via ATM networks.

3. NEED FOR THE STUDY:

This study is much helpful to Banking industry for enhancing the customer satisfaction by adopting strategies which serves the purpose. An analysis of study proves useful, as the banks efforts are directed to attract and retain customers by offering

them a basket of tailor made schemes supported by a state of the art distribution system (the ATMs).

OBJECTIVES OF THE STUDY:

PRIMARY:

find out the importance of using ATM.

SECONDARY:

- find out risk associated with using ATM.
- find out the benefits of using ATM compare to branch.

4. RESEARCH METHODOLOGY:

The present study is of analytical and exploratory nature. Accordingly, the use has been made of primary and secondary data. To know the problems of ATM structured questionnaires have been used to collect the data from customers using ATM services. To analyze the data, various statistical techniques such as average and normal distribution have been used as per the requirement of the data.

DATA COLLECTION:

Primary data has been collected through questionnaire. A sample size of 15 respondents has been taken. Secondary data on the other hand are those which have been already collected by someone else and which have already been passed through the statistical processes. E.g., books, magazines, internet, publications and report.

DATA ANALYSIS :

TABLE 1

People having accounts in bank

| Particulars | respondent | Percentage |
|-------------|------------|------------|
| SBI | 6 | 40 |
| ICICI | 4 | 27 |
| HDFC | 5 | 33 |
| UNION BANK | 0 | 0 |
| OTHERS | 0 | 0 |

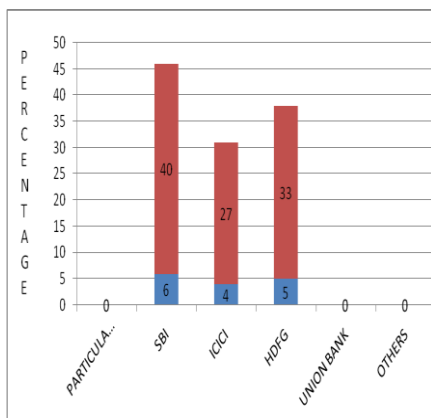


TABLE 2.
Prefers ATM to branch banking

| Particulars | Respondent | Percentage |
|-------------|------------|------------|
| yes | 15 | 100 |
| no | 0 | 100 |

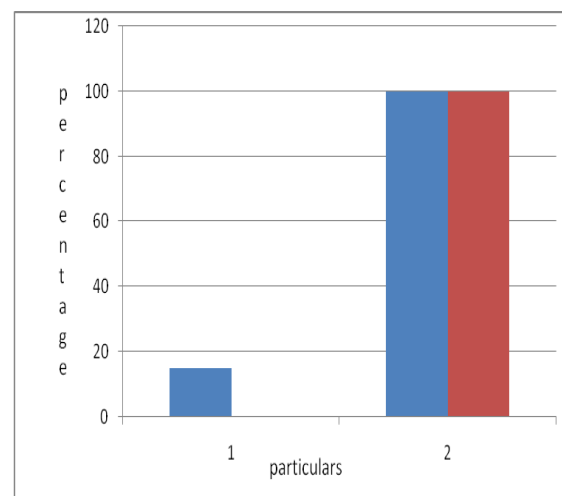


TABLE 3.

Frequent of using ATM

| Particulars | Respondent | Percentage |
|----------------------|------------|------------|
| Several times a week | 2 | 13 |
| Everyday | 0 | 0 |
| Once in a week | 4 | 27 |
| Once in a month | 9 | 60 |
| Not using ATM at all | 0 | 0 |

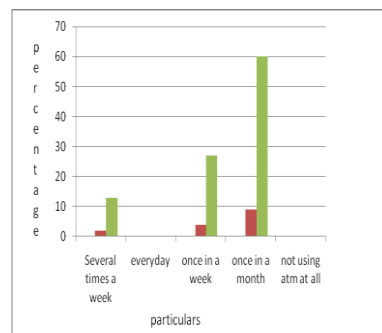
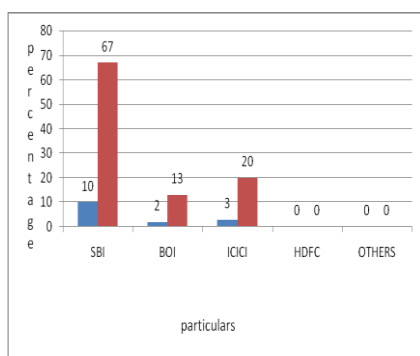


TABLE 4.
ATM which have good services

| Particulars | Respondent | Percentage |
|-------------|------------|------------|
| SBI | 10 | 67 |
| BOI | 2 | 13 |
| ICICI | 3 | 20 |
| HDFC | 0 | 0 |
| OTHERS | 0 | 0 |



FINDINGS:

From the demographic profile it is found out that the majority of the respondents fall in the age group of 15-35 years. Testing of hypothesis confirmed that the demographic factors such as age, educational level and the income level of the respondents do not influence the customer satisfaction. Ranking analysis revealed the factor which most influences the customer satisfaction in ATM Services are "convenience" which ranked first in analysis. Regarding the overall customer satisfaction, the respondents who are utilizing the ATM services of State bank are highly satisfied with the location and process of withdrawing the money under ATM scheme.

SUGGESTIONS:

Banks must enhance operational efficiency and quality of service to attain and retain customers. The banks should proactively monitor customers' preferences with regard to the transaction fee;

delivering of ATM card promptly and issue of new cards due to loss of original cards. Further Bank can focus on important aspects of security and privacy as well as efficient operation of ATMs.

5. CONCLUSION:

The study provides necessary input to the bank management to increase customer „Satisfaction through improving ATM service quality. Banks must constantly up-date and differentiate their ATM service quality dimensions from other banks to ensure continuous satisfaction and retention of customers, and optimize their limited resources. Immediate response to customers' needs and queries about the ATM related services are important to improve the quality service. This would in turn lead to customer satisfaction. Scope for future research: Future research should explore the ATM services in Public and private sector Banks. Service quality of the ATM services can be examined both in private and public sector bank.

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