

**CUSTOMERS' PERCEPTION OF AUTOMATED TELLER  
MACHINES - A STUDY ON ATM SERVICES OF INDIAN  
OVERSEAS BANK, PUDUKKOTTAI.**

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**ABSTRACT**

*The banking sector in India is facing challenging times with advent of globalization, privatization and liberalization in India. The banks are now facing challenges on cost reduction, innovative products and technology. Such as Net banking, mobile banking, ATMs and bill payments are the buzzwords that banks are using to attract the customers. Primarily this study aimed at the performances of ATM services of Indian Overseas Bank in Pudukkottai District. This is a case study approach. The customers of Indian Overseas Bank are selected on a simple random sampling method. Administering questionnaire to 320 respondents their perceptions are ascertained on various aspects of ATMs. Majority of the respondents from middle and higher income groups, degree and above qualification holders and male category expressed that factors like safety of the service, service rendered by the bank, nearness of the service, friends and relatives played a significant role in choosing this service. It is further ascertained that all other factors played supplementary role in selecting the service. With regard to overall satisfaction of the respondents about the ATM services it is ascertained that majority from middle and higher income groups and degree and above qualification holder expressed good and very good opinion about this service, however others expressed average performance which needs a separate study to tackle it properly.*

**Keywords:** Automated Teller Machine (ATM), Net Banking, Mobile Banking, Motivational factors, Perceptions.

Customer service can be seen as an activity which provides time and place utilities for the customer and which also involves pre-transaction and post-transaction considerations relating to exchange process with the customers. Quality in service helps in retaining and developing the customers. It is concerned with the ability of an organization to meet or exceed customer expectations. Service quality is difficult to measure because it is after unclear what consumer expects; yet quality is a matter of meeting customer expectations. In other words, it depends on consumer's perception, which in turn is determined by the person doing the service, the technical outcome of the service and the overall image of the company whose employee is carrying out the service.

The banking sector in India is facing challenging times with advent of globalization, privatization and liberalization in India. The banks are now facing challenges on cost reduction, innovative products and technology. Such as Net banking, mobile banking, ATMs and bill payments are the buzzwords that banks are using to attract the customers.

ATM (or) Automated Telling Machines is a means of convenience for customers. So much that most of the people have changed the acronym to Any Time Money. HSBC Bank was the first bank to introduce the ATM concept in India way back to 1987. Now most of the banks have their ATM out lets in India.

The advent of globalization, privatization and liberalization the competition in the banking sector has gone up and the customer service has become focal point. At the same time customer's expectations have gone up in terms of global standards. Hence, banks need to manage their operations efficiently and profitably and design innovate means of attracting and retaining customers. Using technology as a core input banking sector is providing better services such as Net banking, phone banking

mobile banking, ATMs Bill payments, 7 days branch banking at door steps etc. Among all these services ATMs gained relatively significant popularity. To ascertain how far these services or facilities are useful to the customers in terms of accessibility, cost, convenience, and problems associated with such service it needs an intensive study on periodical basis.

### **Objectives of the study**

Primarily this study aimed at the performances of ATM services of Indian Overseas Bank in Pudukkottai District. The specific objectives include the following:

1. To present an overview of ATM services in Indian Overseas Bank.
2. To ascertain the satisfaction of customers about various ATM services of Indian Overseas Bank.

### **Methodology**

This is a case study approach. The customers of Indian Overseas Bank are selected on a simple random sampling method. Administering questionnaire to 320 respondents their perceptions are ascertained on various aspects of ATMs. The collected data have been processed and analyzed both manually and with the help of computer. The data collected is analyzed, applying statistical techniques such as ratio's percentages, tabulated and shown while dealing appropriate aspects. The results are ascertained by analyzing the tables.

The analysis of the sample shows that majority of the respondents are male customers in the age group of 21-40 years, literate and employed, earning income ranging between Rs. 50,000 to Rs. 1,00,000, in possession of savings account and visit the bank 6-12 times in a month.

### **Automated Teller Machine (ATM)**

The story of the humbly cash-dispensing machine started around three decades back. In India, HSBC set the trend and setup the first ATM Machine here in 1987. Since then, they have become a common sight in many of our metros. With more than 8, 00,000 machines worldwide, ATMs have made hard cash just seconds away all

throughout the day at every concern of the globe.

ATMs are self service vendor machines help the banks to provide round the clock banking services to their customers at convenient places without visiting to the bank premises. They enable the banks to transact more business by offering various services in cost effective way on the one side and to get more customer satisfaction on the other. To avail the ATM services customers are provided with ATM card, which is a small plastic card with magnetic strips, containing information about the name of the bank, name of the customer, card number, validity period and signature panel. The magnetic strips contain information about the customer, which enables the bank to verify and identify when the card is inserted at the slot provided in ATM. ATMs were allowed to setup by the Reserve Bank of India from the year 1996-97 at the bank branches, extension countries in special centers at convenient locations, shops and establishments.

Some of the observations made by banking experts about the significant role of ATMs in banking services are shown here under. Keith Taylor, senior Vice-President, Financial Solutions division, NCR Corporation, expressed that “India is one of the world’s lowest users of ATMs”. He says that people still prefer cash and cheque transaction. He pointed out that the worldwide installed base of ATMs is over 1.1 Million Units. In India from a small installed base of 500 ATMs in 1998, it has grown to nearly 7,500 ATMs. He also expressed that ATM penetration in India is only 7 per million, while in case of developed countries such as in USA it is 1200 ATMs per million, China 44 ATMs per million, Thailand 100 per million and Philippines 60 per million.

Lonnie Anthony, Euronet India’s Managing Director, expressed that “Over 5,000 ATMs to be installed during financial year 2004, which would work to Rs.750 Crore. He also says that over 400 ATMs added every month. There are 18 million ATM cards in the country. In comparison, China has 470 M cards. In comparison, China has 470 M cards. He also suggests that we need to have 30-40 million ATM cards.

Swadhan is the name given to the ATM network of public sector banks and some private sector banks and some private banks. Over the past year to 44 banks in Mumbai, Vashi and Thane have become a part of Swadhan, a system of shared payment networks, introduced by the Indian Bank Association (IBA). The 44 members between them have 85 operational branches whose clients could swap the existing ATM card of one member's bank for the Swadhan Card to access the teller machines of this retail chain. A self evident testimony to the demand for ATMs from customers which was first triggered off over a decade ago in 1987 when the Hong Kong and Shanghai Bank first introduced ATMs in Mumbai.

With Swadhan it was hoped that Indian Banks customers would be able to benefit from an ATM pool that solved the problems of Single-ATM outlet banks and its attendant problems of limited access, distance and time.

P.C. Narayan, President of Global Trust Bank, classifies shared ATM networks in two kinds viz. "Parent Child" and "Peer to Peer". A good example of parent child would be a large sized bank, which has a lot of ATMs and which it could offer to smaller banks to share the network. Peer to peer would be a large bank coming together to build a national ATM network. All ATMs in generally having the sharing network with other banks.

A shared payment network is that where in ATM Card holders of one bank can have the access to avail the ATM services from the ATM of their bank and also from the ATM of their bank. It means, different ATM cardholders belonging to different banks, which are under the shared network basis. It helps the customers of both the banks to have accessibility of ATM services from different banks.

### **ATMs In Indian Overseas Bank**

ATMs are self service vendor machines help the banks to provide 24 machines help the banks to provide 365 days a year banking services to their customer at convenient places without visit to bank premises. To attract the customers, Indian Overseas Bank introduced this facility in the year 2005. It has a network of about

3300 ATMs all over India. In Pudukkottai 9 ATM centres are available. With effect from 1<sup>st</sup> November 2014, for IOB Debit Card Customers, only three free transactions are allowed in other bank ATMs in the six metros Bangalore, Chennai, New Delhi, Hyderabad, Kolkota and Mumbai. This is implemented in tune with RBI guidelines dated 14.08.2014. The charge to be levied is Rs.20/- plus service charges applicable from time to time.

**Table -1**  
**Services as a motivator factor**

Satisfaction level	Gender		Educational level					Annual Income			
	Male	Female	Inter	Degree	PG	Professiona l	Any other	Below 50,000	50,000 to 1,00,000	1,00,000 to 2,00,000	Any other
Very Good %	68 (21.25%)	56 (17.25%)	12 (3.75%)	60 (18.75%)	40 (12.5%)	12 (3.75%)	-	32 (10%)	72 (22.5%)	20 (6.25%)	-
Good %	96 (30%)	68 (21.25%)	74 (7.5%)	80 (25%)	48 (15%)	12 (3.75%)	-	40 (12.5%)	72 (22.5%)	60 (18.75%)	-
Average %	28 (8.75%)	-	-	16 (5%)	8 (2.5%)	4 (1.25%)	-	20 (6.25%)	-	-	-
Poor %	4 (1.25%)	-	-	4 (1.25%)	-	-	-	4 (1.25%)	-	-	-
Very Poor %	-	-	-	-	-	-	-	-	-	-	-
Total %	196 (61.25%)	124 (38.75%)	36 (11.25%)	160 (50%)	96 (30%)	28 (8.75%)	-	96 (30%)	144 (45%)	80 (25%)	-

Source: Primary Data

**Table -2**

**Nearness as a motivated factor**

Satisfaction level	Gender		Educational level				Annual Income				
	Male	Female	Inter	Degree	PG	Professional	Any other	Below 50,000	50,000 to 1,00,000	1,00,000 to 2,00,000	Any other
Very Good %	56 (17.5%)	32 (10%)	8 (2.25%)	60 (18.75%)	12 (3.75%)	8 (2.25%)	-	36 (11.25%)	32 (10%)	20 (6.25%)	-
Good %	128 (40%)	84 (26.25%)	20 (6.25%)	100 (31.25%)	8 (2.25%)	20 (6.25%)	-	40 (12.5%)	112 (35%)	60 (18.75%)	-
Average %	12 (3.75%)	8 (2.25%)	8 (2.25%)	-	-	-	-	20 (6.25%)	-	-	-
Poor %	-	-	-	-	-	-	-	-	-	-	-
Very Poor %	-	-	-	-	-	-	-	-	-	-	-
Total %	196 (61.25%)	124 (38.75%)	36 (11.25%)	160 (50%)	96 (30%)	28 (8.75%)	-	96 (30%)	144 (45%)	80 (25%)	-

Source: Primary Data

**Table -3**  
**Reputation with the Bank**

Total %	Very Poor %	Poor %	Average %	Good %	Very Good %	Satisfaction level	
						Male	Female
196 (61.25%)	-	4 (1.25%)	68 (21.25%)	68 (21.25%)	60 (21.25%)	Gender	
						Inter	Degree
124 (38.75%)	-	-	68 (21.25%)	20 (6.25%)	36 (11.25%)	Educational level	
						Professional	Any other
36 (11.25%)	-	-	12 (3.75%)	12 (3.75%)	12 (3.75%)	Annual Income	
						Below 50,000	50,000 to 1,00,000
160 (50%)	-	-	68 (21.25%)	32 (10%)	60 (18.75%)	1,00,000 to 2,00,000	
						Any other	Any other
96 (30%)	-	-	56 (17.5%)	74 (7.5%)	16 (5%)	Any other	
						Any other	Any other
28 (8.75%)	-	-	4 (1.25%)	16 (5%)	8 (2.5%)	Any other	
						Any other	Any other
-	-	-	-	-	-	Any other	
						Any other	Any other
96 (30%)	-	-	40 (12.5%)	36 (11.25%)	8 (2.5%)	Any other	
						Any other	Any other
144 (45%)	-	-	80 (25%)	56 (17.5%)	12 (3.75%)	Any other	
						Any other	Any other
80 (25%)	-	-	28 (8.75%)	40 (12.5%)	12 (3.75%)	Any other	
						Any other	Any other
-	-	-	-	-	-	Any other	
						Any other	Any other

Source: Primary Data



**Table -4**

**Role of banking agent in convincing for taking ATM services**

Satisfaction level	Gender		Educational level				Annual Income				
	Male	Female	Inter	Degree	PG	Professional	Any other	Below 50,000	50,000 to 1,00,000	1,00,000 to 2,00,000	Any other
Very Good %	8 (2.5%)		-	-	-	8 (2.25%)	-	8 (2.25%)	-	-	-
Good %	56 (17.5%)	68 (21.25%)	16 (5%)	80 (25%)	16 (5%)	12 (3.75%)	-	60 (18.75%)	40 (12.5%)	12 (3.75%)	-
Average %	132 (41.25%)	56 (17.25%)	20 (6.25%)	80 (25%)	80 (25%)	8 (2.25%)	-	28 (8.75%)	104 (32.5%)	68 (21.25%)	-
Poor %	-	-	-	-	-	-	-	-	-	-	-
Very Poor %	-	-	-	-	-	-	-	-	-	-	-
Total %	196 (61.25%)	124 (38.75%)	36 (11.25%)	160 (50%)	96 (30%)	28 (8.75%)	-	96 (30%)	144 (45%)	80 (25%)	-

Source: Primary Data

**Table -5****Persuasion of Bank employees as the basic motivating factor**

<b>Gender</b>	<b>A</b>	<b>B</b>	<b>c</b>	<b>d</b>	<b>e</b>	<b>Total</b>
<b>Male</b>	<b>40</b>	<b>124</b>	<b>32</b>	<b>-</b>	<b>-</b>	<b>196</b>
<b>Count %</b>	<b>(12.5 %)</b>	<b>(38.75 %)</b>	<b>(10 %)</b>			<b>(61.25 %)</b>
<b>Female</b>	<b>28</b>	<b>84</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>124</b>
<b>Count %</b>	<b>(8.75 %)</b>	<b>(26.25 %)</b>	<b>(3.75 %)</b>			<b>(38.75 %)</b>
<b>Total %</b>	<b>68</b>	<b>208</b>	<b>44</b>	<b>-</b>	<b>-</b>	<b>320</b>
	<b>(21.25 %)</b>	<b>(65 %)</b>	<b>(13.75 %)</b>			<b>(100 %)</b>

**Source: Primary Data**

**CUSTOMER PERCEPTIONS**

In order to enlighten about the users perception about ATM's an attempt is made here to analyze the motivated factors to go for Indian Overseas Bank ATM card, satisfaction level on motivated factors and overall satisfaction about ATM Services. The following aspects discuss the same.

**MOTIVATIONAL FACTORS-SATISFACTION LEVEL OF THE RESPONDENTS**

It is ascertained from the respondents that service of the banks, nearness of the ATM centers, Reputation of the bank, Interaction of the banking agent, safety, rapport with bank employees and suggestions of friends and relatives played a major role in motivating for taking ATM card. Tables 1 to 6 shows information about perception of the respondents with regard to level of their satisfaction over the motivational factors. An attempt is also made ascertain the level of satisfaction of the respondents with reference to their education, annual income and sex.

**(a) Service**

Table-1 shows information about level of satisfaction about 'service as a motivated factor'

It can be observed from the table that except four respondents all others have satisfied with the services of Indian Overseas Bank. In relation to education, income and gender back ground it can be observed that higher income groups, with qualification of degree and above from male category perceived higher satisfaction compared to others.

(b) **Nearness**

Table-2 shows information's about nearness as a motivated factor and its satisfaction level of the respondents with regard to Gender wise, Education wise, and Annual Income wise, and Annual Income wise.

The table shows that all the male (61.25%) and female (38.75%) respondents expressed their satisfaction over nearness of the services of the bank. Further it can be observed that all the respondents of different educational background and income back ground (except 20) expressed their satisfaction as good and very good.

(c) **Reputation with the bank**

Table-3, shows information about Gender wise, Education wise, and Annual Income wise satisfaction level of the respondents regard to reputation with the bank.

The following observations can be made from the table:

- i. All the male and female respondents opinioned that personal reputation with the bank is also one of the reasons for availing ATMs services from Indian Overseas Bank. However out of the total respondents, 41.25% expressed that this factor played a moderate role in getting ATM service from the bank apart from other factors.
- ii. Though all the respondents from different educational background felt that this is the one of the factor for opting ATM from this bank, majority of degree and PG holders expressed average satisfaction about this factor.
- iii. With regard to income background a significant share of the respondents of all the income groups expressed their average satisfaction about this factor.

Thus it can be concluded that majority of the respondents expressed that reputation with the bank is Average.

(d) **Banking Agent**

Table-4 shows information's about Gender wise, Education wise, and Annual Income wise level of satisfaction about the role of banking agent in convincing for taking ATM services.

The following observations can be made from the table-4.

- i. Out of the total respondents 41.25% male and 17.5% female respondents expressed that the role of bank agent in getting ATM service is average and remaining felt that this is one of the important motivating factor.
- ii. Out of the total respondents 25% Degree holders, 25% PG holders 6.25% inter holders and 2.5% professional expressed that this factor played an average role in motivating them for an average role in motivating them for getting ATM service from this Bank.
- iii. With regard to Income background, out of the total respondents, 62.5% from various income groups felt that this factor played an average role in taking ATM service.

Thus it can be concluded that majority of the respondents are not agreeing that this factor played major motivational role.

(e) **Safety**

Gender wise, Education wise, and Annual Income wise responses about safety provided by the bank as a motivational factor.

- i. Out of the total respondents 56% male and 36% female respondents expressed that this factor played a vital role in getting ATM services from this bank. Others expressed that it has played moderate role.
- ii. About 93% of the respondents with different educational backgrounds expressed that this factor played significant role in choosing the service from

the bank. Among them Degree, PG and professionals share is comparatively higher.

Thus it can be concluded that majority of the respondents are motivated for taking this service from Indian Overseas Bank based on safety factor.

**(f) Bank employees**

Information about Gender wise, Education wise, and Annual Income wise perceptions about the persuasion of Bank employees as the basic motivating factor for this service.

The following observations can be made:

- i. Out of the total respondents 41.25% male and 25% female respondents expressed that the role of bank employees in getting ATM service is average and remaining felt that this is one of the important motivating factor.
- ii. Out of the total respondents 33.75% Degree holders, 23.75% PG holders. 5% professionals and 3.75% inter holders expressed that this factor played an average role in motivating them for getting ATM service from this Bank.
- iii. With regard to Income background, out of the total respondents, 52.5% of various income groups felt that this factor played an average role in taking ATM service.

Thus it can be concluded that majority of the respondents are not agreeing that this factor played major motivational role.

**(g) Friends and Relatives**

- i. Out of the total respondents 36.25% male and 23.75% female respondents expressed that this factor played a vital role in getting ATM services from this bank. Others expressed that it has played moderate role.
- ii. About 63% of the respondents with different educational backgrounds expressed that this factor played significant role in choosing the service from the bank. Among them Degree, PG and professionals share is comparatively higher.

- iii. With regard to income background also majority with different levels of income expressed that this factor played a significant role in choosing this service.

Thus it can be concluded that majority of the respondents are motivated for taking this service from Indian Overseas Bank based on suggestions of friends and relatives.

### **Overall satisfaction of the respondents about ATM Services**

An attempt is also made to ascertain the overall satisfaction of the respondents about the ATM services of the Indian Overseas Bank. For measuring the responses five point scale viz., very good, good average, poor and very poor are used. The ascertained information is shown in Table-5.

a. **Very good, b. Good, c. Average, d. Poor, e. Very Poor.**

- i. It can be observed from the table that out of the total respondents 61.25% male and 38.75% female respondents expressed that their satisfaction about ATM services is average and above average. However majority of both the groups felt that the services are good and very good.
- ii. Thus it can be concluded that majority of the respondents are satisfied with the facilities provided by Indian Overseas Bank ATMs. Only 13.75 percent of the respondents (who expressed that their satisfaction level is average) higher percentage of the respondents are from male category compared to female.

### **Conclusion**

The study concludes that out of the seven factors identified as motivating factors for availing ATM Services from Indian Overseas Bank, Majority of the respondents from middle and higher income groups, degree and above qualification holders and male category expressed that factors like safety of the service, service rendered by the bank, nearness of the service, friends and relatives played a significant role in choosing this service. It is further ascertained that all other factors played supplementary role in selecting the service. With regard to overall satisfaction of the

respondents about the ATM services it is ascertained that majority from middle and higher income groups and degree and above qualification holder expressed good and very good opinion about this service, however others expressed average performance which needs a separate study to tackle it properly.

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