

**CUSTOMER SATISFACTION REGARDING ATM SERVICES - A STUDY OF  
HIMACHAL PRADESH UNIVERSITY SHIMLA**

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**ABSTRACT**

Development of a country depends on different sectors and each sector contributes significantly in the overall prosperity of the country. All sectors do works under the provisions and rules lay down by government. The banking is considered to be the backbone of a country. In India RBI is a regulatory body to control the money market. The present study aims to analyse the level of customer satisfaction regarding ATM services provided by banks in India. The study is empirical in nature and data is collected from 200 respondents utilizing banking services through a structured questionnaire using random sampling method. The study reveals that the most significant problem faced by the customers is the non-functional of ATM and remains out of cash. Majority of the respondents are fulfilling their requirement through using ATM service and they are found unhappy with number of ATM available in their locality. Further respondents are not happy with transaction cost charged by different banks for availing ATM service and also found unhappy with the mechanism of addressing the grievances of the ATM customers.

**Keywords** – ATM, Student, Employee, Services, Satisfaction

**INTRODUCTION**

ATMs are terminals that allow authorized users, typically by using a card, to access a range of services such as cash withdrawals, balance enquiries, transfers of funds and acceptance of deposits. ATMs primarily form a part of cash infrastructure, but their deployment is necessary to ensure that cash is available when needed. ATMs have progressed from being only cash dispensing machines as they also facilitate digital bill payments and card to card transfers. Banks do offer all their products and services through ATM channel, provided adequate checks are put in place to prevent the channel from being misused to perpetuate frauds on banks / genuine customers. In addition, features like interoperable cash deposit and card to card funds transfer are catered by the ATMs. First ATM in India was established by HSBC bank in Mumbai.

### **Types of ATM in India**

Onsite ATMs are inside the bank compound and hence are known as Onsite ATMs. Where an Offsite ATMs are located in various places except inside the bank premises and thus named as Offsite ATMs. Further White Label ATM are set up & owned by Non-Banking Financial Companies and offer all the services are known as White Label ATMs. Yellow Label ATMs are mainly installed to provide for E-Commerce facility. Brown Label ATMs are not owned by the bank instead they are taken on lease to provide the service to the customer. Orange Label ATMs are used in the share transaction. The Pink Label ATM - These ATM are meant only for Women. Whereas Green Label ATMs are installed for the transaction related to agriculture.

### **Advantages of ATM**

- **Convenience to Customers:** ATMs allow customers to do financial transactions at their convenience. The bank account holder can avail of various banking services from any convenient location with the flexibility of time schedule even beyond banking hours. Now ATMs are installed at all important places which facilitate the withdrawal of money by customers as per their requirements. They don't need to visit the bank and stand in queues for cash withdrawal but can get the same service from any ATM in a nearby location.
- **Offer 24x7 Service:** ATM service is available round the clock and does not have any fixed time schedule for operations. So customers have access to their bank accounts all the time and they can withdraw their money at any time as per their convenience or in case any emergency arises.
- **Reduce Bank Workload:** ATMs provide customers with some facilities that are available in banks so customers can avoid visiting the bank that saving time. As the customers avail themselves of the banking services by themselves through ATM without visiting a bank, there is a huge reduction in workload in banks. There is no requirement to attend to customers for cash withdrawal, deposits, or balance inquiries. ATM thus becomes an efficient tool in reducing the work pressure on banks and provides flexibility to its operations.
- **Access from anywhere:** Customers can access their accounts through ATMs from any part of the country or even outside the country. ATM machines are installed in many important places which people can access while traveling. Customers don't need to carry much cash and they can easily withdraw money any place as per their requirement.

### **Disadvantages of ATM**

- **Transaction Charges:** There are certain charges involved for withdrawal of money beyond a specified amount or the number of transactions within a specified time limit. Also withdrawal of money from an ATM that is not under the same bank as the cardholder also incurs additional cost.
- **Limitation of cash withdrawal:** There are certain restrictions on cash withdrawal using ATMs as specified by banks. The limitations can be on the number of transactions as well as the amount of money that can be withdrawn within a fixed time. This creates a problem if anyone requires withdrawing a large amount.
- **Non-availability in remote areas:** Sometimes banks in rural areas and some remote places have limited facilities to operate ATMs. The machines installed in rural areas also do not function properly all the time or often fall short of cash.
- **Possibility of frauds:** There are a number of reported incidents nowadays about fraud involving ATM cards. The ATM card may be misused if the secret information is accessed by others. The hackers through various unscrupulous activities can get access to the account and transfer money.

### **LITERATURE REVIEW:**

**Singh and Bassi (2017)** identified the impact of electronic banking on customer satisfaction. It is concluded that for proper use of internet services a bank should provide attractive and easy to use interface. Proper security concerns should be provided by the banks to the customers so that customers can easily use the internet services provided by the banks.

**Solanki (2018)** analyzed the progress made by Indian banking industry in adoption of technology. The study was secondary based & analytical in nature. The study revealed that banks are making sincere efforts to popularize the e-banking services and products and younger generation is beginning to see the convenience and benefits if e-banking.

**Banu et al. (2019)** explored customer satisfaction in online banking in India. Data was collected from 500 respondents using Internet banking service, 166 of which were from private sector banks and 334 were from public sector banks. The final result of study shows that it is important to gain trust among customers about the safety and security features of online banking. Bankers need to keep abreast of latest technology and structure of the online transactions.

**Vetrivel et al. (2020)** identified the dimensions of internet banking service quality and its impact on customer satisfaction. The result revealed that five factors obtained from the factor analysis like Responsiveness, Convenience, Trust, Efficiency of the website, and Security have been considered as independent variables, Customer Satisfaction was taken as the dependent

variable. Considering the factors individually, Trust and Efficiency of the website are significant towards customer satisfaction.

**Ghasemi et al. (2021)** examined the relative size of banks changes with respect to e-banking? The result of the study revealed that decline in concentration indicates that the share of banks has decreased due to an increase in the share of small banks and estimation of the model shows that there is a positive relationship between the use of electronic banking and the share of banks.

**Karthikeyan & Krishnan (2021)** explored the awareness level of the customers regarding various e-banking Services rendered by Axis bank and to identify with the problems faced by the customers while using e-banking services rendered by Axis Bank. A sample of 60 including both male and female was considered at random. Systematic Random Sampling method was used in this study. The study revealed that customers are the most essential asset of any business and the result of a business depends upon how far they satisfy their customers' expectations.

**Sudarshan et al. (2022)** examined the Bank branch outreach and access to banking services toward financial inclusion in their research paper. Final result shows that there is no significant difference between branch and ATM in banking coverage expansion including geographic and demographic penetration. Further, CAGR and trend equation show that expansion of ATM finds a significantly higher growth rate than expansion of branch. The trend equations also find positive growth of branch and ATM due to change of time. It is evident that deposit and credit accounts are positively related with branch network expansion. Thus, financial inclusion and branch expansion in the form of physical branch and ATMs are interlinked.

**Bhag Singh Bodla (2023)** studied the recent trends of the banking and financial services. The study revealed that in 2023, the top innovation trends will remain digitalization, AI, machine learning, block chain technology, and data analytics. The continued use of digitization will raise productivity, lower costs, and boost revenue. In comparison to what is currently offered, the consumer experience will be completely different.

It is noted from the above literature that different studies have been conducted on the area of banking. There are hardly a few studies related to aim series. Keeping in view the above consideration, there is need to undertake a study which could examine the extent of customer's satisfaction regarding ATMs services.

## **STATEMENT OF THE PROBLEM**

In current scenario the banks are having developed technology in order to maintain its customers as well as to attract new customers. Providing ATM services is one of the important facilities offered by the banks to its valued customers, as the user of ATM is increasing day by

day. It is important to conduct a study regarding customer satisfaction level with respect to various aspects of ATM services offered to them. The main purpose of this study is to know the level of satisfaction and to identify the problems faced by customers while using ATMs services.

**OBJECTIVES OF THE STUDY**

- To study the awareness level of customer towards ATM Services provided by various Banks.
- To analyse the opinion of customers towards the ATM Services.
- To find out the various problems faced by Customers while using ATM Services and advance suggestions to improve the services of ATM in the state.

**MATERIALS and METHODS**

The Study is based on a primary data collected with the help of structured questionnaire. It covers the sample size of 200 respondents selected randomly from the respondents of Himachal Pradesh University Shimla. Frequency, Percentage and Ranking Method have been applied for the analysis of data. Interpretation is based on rigorous exercise aiming at the achievement of study objectives.

**DATA ANALYSIS AND INTERPRETATION**

**Demographic Profile of Respondents**

Table 1 gives a clear picture of the Demographic profile of the respondents. It shows that the male respondents are more than the female respondents who tend to utilize the ATM services of the banks.

**Table 1 Demographic Profile of ATM Service User**

Aspects	Variable	Frequency	Percentage	Rank
<b>Gender</b>	Male	120	60	1
	Female	80	40	2
	Total	200	100	
<b>Age</b>	Below 30 years	90	45	1
	30-45 years	60	30	2
	Above 45 years	50	25	3
	Total	200	100	
<b>Occupation</b>	Employee	80	40	2
	Student	120	60	1
	Total	200	100	

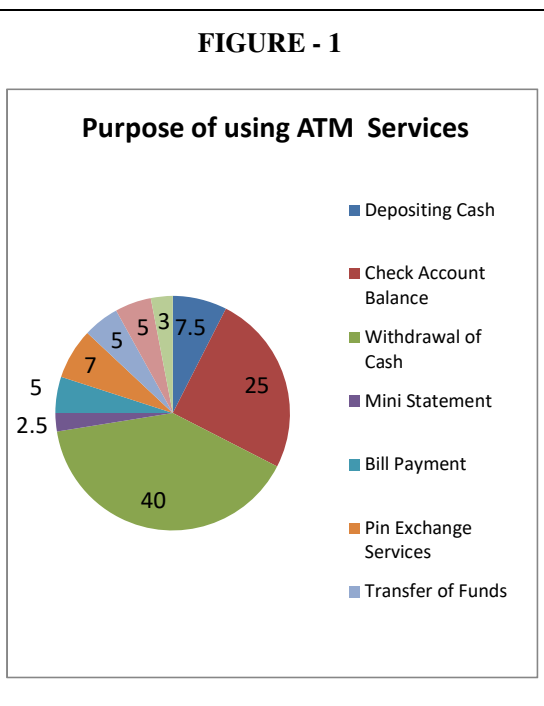
Table 1 also depicts that the majority of the respondents using ATM services falls in the age group of below 30 years and tilt is towards the age group of 30-45 years. It is further noted that the students are the category who tend to utilize the ATM Services in the campus of Himachal Pradesh University followed by employee category.

**Purpose of using ATM services**

As is evident from Table 2 and Figure 1 that major chunk of the respondents tend to use the ATM for the withdrawal of cash. Check account balance and deposited of cash in the bank are noted the first three major purposes of using ATMs.

**Table 2: Customer Purpose of using ATM Services**

Purpose	Frequency	Percentage	Rank
Depositing Cash	15	7.5	3
Check Account Balance	50	25	2
Withdrawal of Cash	80	40	1
Mini Statement	05	2.5	7
Bill Payment	10	5	5
Pin Exchange Services	14	7	4
Transfer of Funds	10	5	5
Point of Sale(POS)	10	5	5
Passbook Printing	06	3	6
Total	200	100	



Further 7 percent and 5 percent of the respondents use the ATM for the purpose of Pin exchange services and Transfer of funds respectively. To get the Pass book printed and to procure the mini statements are found the least purpose of using ATM Services.

**Frequency of Using ATM Services**

Table 3 and figure 2 reveals that 40 percent of the respondents tend to use the ATM once in a week and tilt is towards once a month. Those who use ATM daily are noticed to be 20 percent followed by 10 percent who use ATM very rarely.

**Table 03: Frequency of Using ATM Services**

Aspect	Particulars	Frequency	Percentage	Rank
<b>Frequency</b>	Daily	40	20	3
	Once a week	80	40	1
	Once a month	60	30	2
	Rarely once in a year	20	10	4
	Total	200	100	

- Daily
- Once a week
- Once a month
- Rarely once in a year
- Total

In nutshell it can be concluded that major chunk of the respondents tend to use ATM once a week and tilt is towards once in a month. Those who use ATM daily are noted to be 20 percent followed by 10 percent who use ATM very rarely. In nutshell it can be concluded that major chunk of the respondents tend to use ATM once a week.

**Problems Faced by ATM User**

Table 4 and figure 3 clearly indicate that the common problem faced by the customers using ATM is noted to be the fixed withdrawal limit and the least problem faced by the customers is understanding language of ATM machines.

**Table 4: Problems Faced by ATM User**

Aspects	Frequency	Percentage	Rank
Fees of ATM	28	14	3
Withdrawal Limit	32	16	1
ATM out of cash	23	11.5	4
ATM out of order	22	11	5
Inability to print slip	20	10	6
Security at ATM place	30	15	2
Waiting in Long Queues(Line)	17	8.5	8
Problems in understanding language of ATM	10	5	9
Unavailability of different valued notes in Machine	18	9	7
Total	200	100	

- Fees of ATM
- Withdrawal Limit
- ATM out of cash
- ATM out of order
- Inability to print slip
- Security at ATM place
- Waiting in Long Queues(Line)
- Problems in understanding language of ATM
- Unavailability of different valued notes in Machine
- Total

Other prominent problems experienced by the users are noted to be security at ATM place, fee of ATM, ATM out of cash and ATMs are also found out of order frequently. It can be concluded that withdrawal limit is noted to be the significant problem and tilt is towards security at ATM place.

### **MAIN FINDINGS**

The following are some of the major findings of the above study:

- It is found that majority of the respondents tend to use the ATM facility for the withdrawal of cash. Major chunk to the male category use the ATM services and they fall in the age group of above 30 years.
- Majority of the respondents use ATM facility at least once in a week, may be due to high transaction charges.
- The respondents use ATM services to meet their cash requirements and they are noted happy. These are less time consuming and found available in their locality.
- Main problem faced by the customers regarding ATMs is non – availability of cash and daily withdrawal limits of banks.
- Most of the respondents are unhappy with the transaction cost charged by different banks for ATM services and also found unhappy with the redressal mechanism pertaining to ATM Services.

### **Conclusion and Suggestions**

The development of technology has tremendously contributed towards the development of the banking sector. E-banking services like mobile banking, internet banking, NEFT, UPI based transaction debit and credit cards have become the trend of the banking field. ATM is the commonly famous banking services in the Indian banking industry. The present study makes an attempt to find out customer satisfaction regarding the ATM service provided by various banks in the campus of HPU University. The study reveals that the most significant problem faced by the customers regarding ATMs is the out of cash condition and Out of Order of the machines. Majority of respondents are fulfilling their cash requirements through ATM service and they are unhappy with the number of ATMs available in their locality as they remained out of cash and high transaction cost charged by banks for ATM services. They are also noted unhappy with the mechanism of redressing the grievances. It is recommended that banks need to concentrate on addressing the grievances of the ATM customers through efficient redressal measures to enhance the customer satisfaction. It is also suggested that ATM services should be provided at the door step and it is must be ensured that ATM should be functional 24\*7 with full security to the ATM users.



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