

Challenges Faced by the Select Urban Public Sector Bank Customer's While Using ATM/ Debit Card – A Descriptive Analysis

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ABSTRACT

“Banking is essential, banks are not”. It is noted that, traditional bank branches (bricks and mortar) are going to vanish through innovative banking services i.e. electronic banking and plastic cards which continue to attract new users. The main objective focused in this paper is to measure the challenges faced by the customers' using ATM/Debit Card offered by selected public sector banks i.e. State Bank of India and Canara Bank. 360 respondents were selected using purposive

stratified random sampling. This paper mainly focused on the challenges faced by the customers using ATM/Debit card.

KEYWORDS: ATM, Debit Card, ATM user, Challenges, Public Sector Banks

INTRODUCTION

ATMs are now a routine part of banking transactions but when they were introduced in 1960s, they were the high-tech technology. The Automated Teller Machine (ATM) is now such a normal part of daily life that it's strange to think it was ever cutting-edge technology. But in

1960s, when the first cash-dispensing ATM was installed at a branch of Barclays Bank in London, it was innovative and revolutionary. What's more, over the decades, ATMs have become much more than just cash dispensers. They also allow customers to carry out a range of banking activities, including deposits and mobile phone top-ups. Given that the ATM is such a prominent feature in people's lives, it's important to understand its background, technical development and its capabilities. Here's a quick introduction to the ATM and its global significance.

While the first card-accepting ATM was introduced by Barclays in London in 1968, this was not in fact the very first incarnation of the automated teller. CitiBank, then known as First National City Bank, launched a version of the ATM called the Bankograph in American branches in 1960. This machine

did not let customers withdraw money but instead allowed them to pay bills without the assistance of bank staff. Moreover, Barclays' 1968 addition was not foolproof and cards were regularly swallowed by these early ATMs.

Following these early developments, growth in North America and Western Europe was rapid. In 1969, the first machine to use magnetically encoded plastic was installed at Chemical Bank in New York, although initial take-up was slow as the running costs for these machines, known as Docutellers, outstripped the cost of hiring a human teller. However, as the modified Total Teller was introduced in the early 1970s, ATMs began spreading in banks across the two continents.

Today, ATMs have been popularised across the globe. Experts estimate that developed countries like the

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USA, Canada, the UK and Japan have a high concentration of ATMs per capita, while steady economic growth in India and China has meant that the number of bank machines in these countries has been growing in the last decade. However, it's not just the number of ATMs throughout the world that has increased but also its functions. As well as withdrawing and depositing cash, modern ATMs also allow you to put credit on a mobile phone just by entering your phone number of the keypad. What's more, some machines will let pay money into a beneficiary's account, while others will print mini bank statements of your last few transactions.

However, as software changes, it does concern over ATM security. Today's biggest worry for ATM industry professionals is how to maintain the security of global systems beyond the traditional advice to consumers to keep

their PIN secret. The development of chip cards and Chip and Pin technology has helped to combat ATM fraud but there are still advances to be made.

STATEMENT OF THE PROBLEM

Nowadays majority of the customers are using ATMs to withdraw cash from their account. The debit cards are used in very occasion for payments made through online, payments for purchases in shopping mall and so on. The use of ATM is increasing day-by-day, it is important to study the challenges towards use of ATM services. The customers were facing different types of problems with which ATM is directly related. Machine complexity, machine breakdown, poor quality notes, network failure, unsuitable location, forgot ATM pin number, High frequency of use, safety and security are the major problems of ATM users.

Customers do not like ATMs because of

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impersonality, vision problem, fear of technology and reluctance to change and adopt new mode of delivery of service.

OBJECTIVES OF THE STUDY

The following are the objectives of the study:

1. To study the socio-economic conditions of the respondents using ATM/Debit Card from select public sector banks in Tirunelveli District.
2. To identify the challenges faced by the customers while using ATM/Debit Card from select public sector banks in Tirunelveli District.
3. To give suggestions for the improvement of using ATM/Debit Card.

METHODOLOGY

Research design

A research design is a plan of the research project to investigate and obtain answers to research questions. Three types of research designs identified from the literature are exploratory, descriptive and explanatory design.¹ In the beginning of the study, an exploratory research was undertaken by an in-depth review of literature in order to identify the research problem, constructs and to formulate hypotheses. Descriptive research design was used in the next stage of the research for the purpose of describing the profile of the respondents and to determine the frequencies, percentages, mean and standard deviation of the measures and constructs used in the study. Descriptive research could not explain the relationship among the variables² and therefore, to establish relationship and association between

¹ Cooper, D.R. and Schindler, P.S. (2001). *Business Research Methods* (7th edition). Singapore: McGraw-Hill-Irwin.

² Zikmund, W.G. (2000). *Business Research Methods* (6th edition). Chicago: The Dryden Press.

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variables used in the study, explanatory research was used.

Survey method using a pre-structured interview schedule was used for collecting primary data from the respondents because it offers more accurate means of evaluating information about the sample and enables the researcher to draw inferences about generalising the findings from a sample to the population.³ The study also made use of secondary data collected from published sources such as records and reports of RBI and IRDBT, books, bank official websites, bank magazines, reports, newspapers, journals and websites.

Two banks were selected for the study and 180 customers were selected from each bank purposively those who are using innovative banking services namely ATM/Debit Card, Credit Card, Internet Banking and Mobile Banking. Two banks were selected based on IBA Banking Technology Awards 2014-2015.⁴ The select banks are State Bank of India and Canara Bank which are public sector.

³ Creswell, J.W. (1994). *Research Design: Qualitative and Quantitative Approaches*. Thousand Oaks: Sage Publication

⁴ http://www.iba.org.in/Documents/FINAL_AWARDS.pdf dated 10/04/2015 time 23.59 p.m

Sample design

Details of customers using innovative banking services (IBS) could not be obtained from the banks due to banks' privacy issues and topic sensitivity. Therefore, the researcher decided to contact the respondents from ATM outlets of the select banks and other urban ATM outlets in the district. Simple random sampling method was adopted to select the ATM outlets and purposive sampling method was adopted to select the respondents. Customers who are using innovative banking services (IBS) visiting ATM outlets on the days of survey were selected as sample respondents. The respondents were selected after having ensured that they have account with any of the two banks and they are using all the two selected IBS. It was also ensured that the respondents have been using IBS for a minimum period of two years.

Determination of Sample Size

Where

$$\text{Sample Size } n = (ZS/E)^2$$

Z = Standardized value

corresponding to a confidence level of 95% = 1.96

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S = Sample SD from Pilot study
 of 60 sample = 0.484

E = Acceptable Error = 5% = 0.05

Hence, Sample size = $n = (ZS/E)^2$
 $= (1.96 * 0.484 / 0.05)^2$
 $= 359.96$

Hence, Sample Size n= 360

360 respondents who were selected for the study out of those 180 respondents are from State Bank of India and 180 respondents are from Canara Bank. The collected data were analysed with the help of SPSS 21 and AMOS. In order to obtain the score of the attitude of customers Likert Five Point Scaling Technique was used.

Results of Reliability Test Using Cronbach's Alpha

Variables	No. of Items	Cronbach's Alpha
Measuring level of attitude of the customers' towards IBS	28	0.892

LIMITATIONS OF THE STUDY

Each research work is subjected to certain limitations and this study is also

not an exception. The present study has the following limitations:

- The responses for the study have been solicited from the District of Tirunelveli in Tamilnadu alone. The expectation and attitude of the customers in Tirunelveli may vary from those of the rest of the Districts in Tamilnadu and other states in India.
- The study may suffer from the element of biasness.
- The customers of two banks were selected for the study to study the attitude towards IBS. As a result, the generalisation of the findings of the present research has to be done with utmost care.
- Furthermore, the sample was restricted to commercial banks. The other major banks like private, co-operative banks and foreign banks are excluded from the study.
- The analysis of innovative banking services offered to corporate banking customers are excluded from the study.

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- No published data were available on number of customers availing all the four select services and no banks provided much data.
- As regard users of card, no categorisation has been done such as users of classic, platinum and alike.
- The study was restricted to urban customers only.

ANALYSIS AND INTERPRETATION MILIEU OF THE RESPONDENTS- A DESCRIPTIVE ANALYSIS

- Majority (61.4%) of the customers using innovative banking services (IBS) are male.
- Majority (31.7%) of the respondents using innovative banking services (IBS) belongs to the age group of 31-35.
- Majority (75.3%) of the customers using innovative banking services (IBS) are married.
- Majority (45.8) of the IBS users are graduates.
- Majority (44.7) of the respondents are employed.

- In public sector, customers using innovative banking services (IBS) are earning above ₹30000.
- Overall 78.3 per cent of the respondents are having savings account.
- Majority (47.2%) of the respondents are having account with the bank between 2-5 years.

Problems faced by the customers while using ATM/Debit Card

Customers are using maximum ATM/Debit Card service at the maximum in their day to day transactions. It is evident that, majority of the customers are using Debit Card up to 5 times. While using ATM/Debit Card customers are facing problems in performing their task. The below table shows the major problems faced by the customers while accessing ATM/Debit Card.

Table No. 1

Mean of Problems Faced by the Respondents while using ATM/Debit Card

ATM/DEBIT CARD	Public Sector of Bank
Poor network	2.05
Lack of infrastructure	1.99
Long waiting queue	3.40
Machine out of service	2.52
Out of cash	1.81
Limited ATM centres	2.52
Unable to print statement	2.41
Letters printed in the statement disappear after few days	3.62
Card blocked	2.58
Misuse of card and frauds	2.27
Lack of confidence	2.18
Swiping is difficult	1.86
ATM centre doors are always open	3.67
Without security guards	3.44
Non-availability of CCTV (Inside and Outside ATM centre)	2.37
Damaged Currency	2.23
Reduction of balance without cash disposal	2.36
Over/Under value of withdrawal amount	2.29
Location of ATM centre is safety	2.56
No proper Air Conditioner	1.74
No parking facilities in front of ATM centres	3.60
2 or more people in a single machine	3.57
Not giving proper intimation about charges	3.54
Magnetic Strip easily damaged	1.89
If misplaced, blocking card is difficult	2.29
Prompt service to get new card and PIN	3.12
Time Consuming	2.29
ATM premises are full of Receipts on the floor.	3.17
Shoppers also charging for using card	2.76

Source: Primary Data

Based on the mean score, public sector customers using ATM/Debit Card services are facing problems like ATM outlet doors are always open (3.67), letters in printed

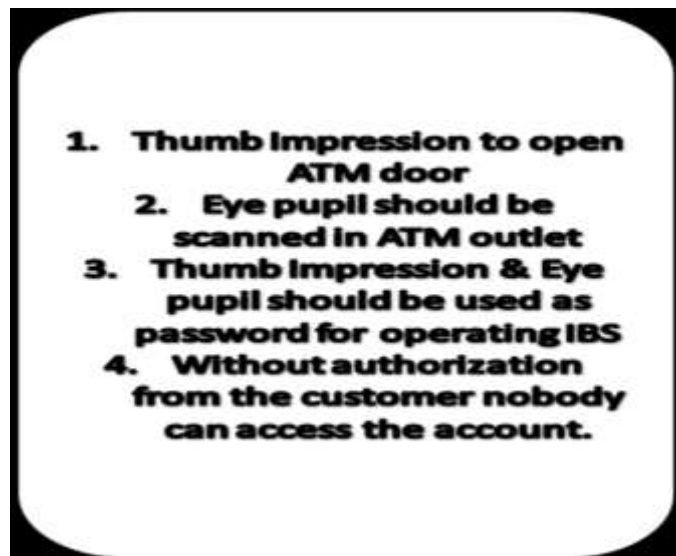
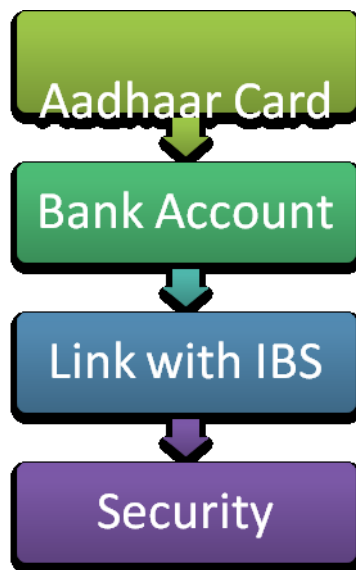
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statement disappear after few days (3.62), no parking facilities in front of ATM outlets (3.60), two or more people tend to use a machine at a time (3.57), banks are not giving proper intimation about charges (3.54), lack of security guards (3.44) in the ATM outlets and long waiting in queue (3.40).

Inference: It is inferred that, public sector customers are facing the similar problems i.e. lack of infrastructure facilities and not proper maintenance of ATM outlets. It is evidence that, urban ATM outlets in the study area are accurately having these types of problems cited by the sample respondents.

SUGGESTIONS



◆ Nowadays, there is sufficient number of ATMs but no proper facilities to access the ATM outlets like parking, shed to stay in queue, paper free ATM center, Air Conditioner, Security guards and

CCTV camera in and out of ATM outlets to avoid physical attack and theft occurred in the place of ATM outlet. So, proper care should be given to maintain ATM outlets.

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- ◆ The banks should instruct the outsourcing agents to put quality paper for printing receipt. Because, the letter in the printed receipt disappear after few days.
- ◆ The customers should follow the security guidelines given by the banks while accessing ATM/Debit Card.
- ◆ The customers should not disclose the PIN to anybody.
- ◆ The customers should avail ATM/Debit Card with utmost care.

CONCLUSION

Banking sector plays a vital role in the growth of economic development in India. Banking is still under evolutionary stage as it is adopting new technologies to facilitate further the customer convenience in the secured environment. IBS is becoming popular amongst customers who are familiar with the technology up graduation but it is gradually spreading to mass especially at metropolitan and urban cities. Few banks have taken an early lead

by introducing technology based banking services. The study on the customers' attitude towards innovative banking services (IBS) in banking sector reveals that customers are satisfied in some aspects and they want to continue with their respective banks. The shift from customerised service to personalized services is highly essential to satisfy all groups of customers. The findings of the study stress upon the importance of the security and safety expected by the customers especially in the case of innovative banking services (IBS) like ATM/Debit Card. The future of internet banking lies in offering personalized internet based services that are not only valued by their customers but are also unique to them. This would help distinguish themselves in the crowd. This would also help them evolve continuously to meet customers' needs, capitalizing on

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new technology to build stronger customer relationship.

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