



A STUDY OF ATM USAGE IN BANKS IN LUCKNOW, KANPUR AND VARANASI

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ABSTRACT

The rapid development of ATM's has stimulated the banking sector towards encouraging customers to use these services. It enables the customers to access accounts and general information related to banks accounts without visiting the branch and waiting on lines. This paper explores the adoption of ATMs' by retail customers in U.P., India. The paper attempts to study different aspects of ATM uses. The findings revealed that withdrawal facility provided by the bank ATM is the most common service being used by the customers, the other services provided by ATM 's such as deposits, transfers, utility payments are not so commonly used.

KEYWORDS: Automated Teller Machines (ATM), Innovative Banking services, customer's preferences, customer's satisfaction.

INTRODUCTION

Electronic banking is one of the latest emerging trends on the Indian Banking scenario. Prior to liberalization of banking system in 1991, the usage of Electronic banking, though present in India, was restricted to foreign banks and specialized foreign exchange branches of some leading banks in public sector. Furthermore, that usage too was sporadic and its impact was confined to metros and a few particular sectors of banking. The Hong Kong and Shanghai Banking Corporation (HSBC) was the first bank to introduce the ATM concept in India way back in 1987. Now, most of the banks have their ATM outlets in India.

Banking services are becoming technology intensive industry, now we cannot think of banking without technology, the innovation are being done in these services. There has been a major change in the usage of banking services. Now days traditional banking services usage are changing and ATM's and other innovative banking are becoming popular. One of the very common used technological advancement in banking sector is the use of ATM services.

Automated Teller Machines (ATM) is a cash rending teller machine. This helps a bank customer to withdraw money from his account without having to go to the bank. ATM is a user friendly, computer driven system, which operates 24 hours a day, 7 days a week. A totally menu-driven system, it displays easy-to-follow, step-by-step instructions for the customers. It can be accessed using an ATM card that gives entry into ATM room. The Personal Identification Number (PIN), exclusive to each customer, has to be keyed-in for carrying out desired transactions. Many banks have opened off-site ATMs at airports, railway stations, petrol pumps, market centers, universities etc.

The most common services being provided by ATM are Cash dispensing, Cash deposits Generating statement of account, Account balance enquiry etc . In this paper we will

study the usage pattern, what services have been accepted by the customers what are the reasons for non usage, how to provide remedial measures for improvement of the usage.

LITERATURE REVIEW

The research of Burc Ulengin (1998) in Turkey concluded that ATM network in convenient locations was a dominant factor in bank selection decision making of consumers in those countries. More over it will become more difficult for customers to differentiate the services offered by one bank from another, as any technological advantage gained will be short lived (Moutinno and Curry, 1994). If a bank already has a reputation for technical innovation, its customers are likely to feel comfortable with more technology. But if a large share of its profits or growth comes from older customers who prefer personal service, it could be unwise to push ATMs too hard. Bank marketing managers need to continuously assess the customer's decisions-making process as well as the formation of attitudes, preferences and satisfaction of automated services. It is of little use for an organization to attempt to position an offering by emphasizing a particular attribute(s) that do not constitute significant choice criteria in target market (Devlin, 2002).

In recent years, the application of information technology has been magnificently increased in the service industries, particularly in the banking industry, which by using information technology related products such as online banking, electronic payments, security investments, information exchanges, financial organisations can deliver high quality services to clients with less efforts (Berger, 2003).

Online banking refers to systems that enable bank customers to access accounts and general information on bank products and services through a personal computer. It provides the convenience of banking anytime from one's home or work, without having to incur some of the costs

associated with a branch visit, like going to the branch and waiting on lines (Khan, 2004).

Ombati et al (2010) examines the relationship between the technology and service quality in the Kenyan Banking industry. The results were that there was a direct relationship between the technology and service quality, the customers were satisfied from the secure services, location of ATM's.

Khan and Mahapatra (2009) investigates the service quality of Internet Banking based on seven quality dimensions i.e. Reliability, accessibility, user friendliness, privacy/security, efficiency, responsiveness using the factor analysis. It was found that customers are satisfied with the reliability of the banks but dimension, user friendliness are not satisfied.

OBJECTIVES

- To study the atm usage in lucknow, kanpur, & varanasi of banks
- To study the usage pattern for ATM usage.
- To study the reasons for non usage of ATM services
- To suggest some remedial measures to ATM Services.

RESEARCH METHODOLOGY

RESEARCH DESIGN

The research design is exploratory in nature. The research has been conducted in the city of Lucknow, Kanpur, Varanasi U.P., India. Convenience sampling method has been adopted and an attempt has been made to include all the age groups and gender as the customers of banks.

Sample Area

The preferences of banking services changes across the demographic factors like education, gender, salary/earnings etc. hence an attempt has been made to get a true representative sample, from public and private banks in Lucknow, Kanpur, Varanasi U.P., India. The private and external sector banks included in the study were ICICI Bank Ltd., HDFC Bank Ltd., AXIS Bank and IDBI Bank, Standard Chartered Bank. Among public sector banks the respondents were from Bank of India, Punjab National Bank and State Bank of India.

Sample Unit: Individuals customers of banks.

Sample Size: 450 customers of banks

Sources of Data

The study area comprised of urban area of Lucknow, Varanasi and Kanpur. Lucknow covers a geographical area of 359.51 square kilometers with a population of 36, 81,416 as per 2001. In 2001 its population was 27, 62,801. Majority of population is either from service class or self-employed. Being the capital of the most populated state of country, it has got its own socio-economic significance. During recent past, as the stock market has assumed new significance,

Lucknow has also come up on the centre stage of financial market of the state. Amongst financial market too, banking industry is well developed in Lucknow. There are plenty of banks, both in private sector and public sector which are functional in Lucknow. The state of services sector is very good in Lucknow.

The population of Varanasi urban agglomeration in 2001 was 1,371,749; the sex ratio was 879 females every 1000 males. However, the area under Varanasi Nagar Nigam has a population of 1,100,748 with the sex ratio being 883 females for every 1000 males. The literacy rate in the urban agglomeration is 77% while that in the municipal corporation area is 78%. Approximately 138,000 people in the municipal area live in slums

Kanpur is situated on the banks of the river Ganga; the population was 2,551,337 as per the 2001 census. In the last decade the population rose rapidly. One of the factors for this kind of growth can be a higher number of in-migration to Kanpur City from other areas. It ranked third after Lucknow and Varanasi in 1901, but by 1961 it assumed a position on top of the list. It has registered an increase of over five times from 197,170 in 1901 to 883,815 in 1961 in the course of six decades. Kanpur has an area of about 1640 km² and is 126 meters above sea level. Languages spoken in and around Kanpur include Hindi, English and Urdu, Bengali and Punjabi. They have since well established business in the city and reside in areas such as Govind Nagar, Gumti no.5, Ashok Nagar and 80 ft road

SAMPLING INSTRUMENT

Structured questionnaire having close ended questions was used for seeking responses on various aspects of customer's usage of ATM's services. After completion of questionnaire, Data was carefully coded in the Microsoft excel sheets and then transferred to SPSS 16.0 (Statistical package for social sciences). Analysis and testing of relationship between various variables has been done with the help of Microsoft excel and SPSS.

Customers' Profile Analysis

Table 1 presents socio-demographic of the banks' consumer respondents. The socio demographic profile of overall sample is shown in Table 1. The sample comprises of 81 percent male and 19 percent female respondents. Educational profile of the sample shows that about 89 percent respondents are graduate and above; 11 percent are having education upto secondary and higher secondary levels. About 55 percent respondents have a annual income of Rupees 300,000 & above, and 45 percent have a annual income less than Rupees 300,000. The 87 percent of the respondents had a saving account and 13 percent had a current accounts. 74 percent of the respondents had an account in a public sector bank, 22 percent of the respondents had a private sector bank account. And 4 percent had an account in foreign bank.

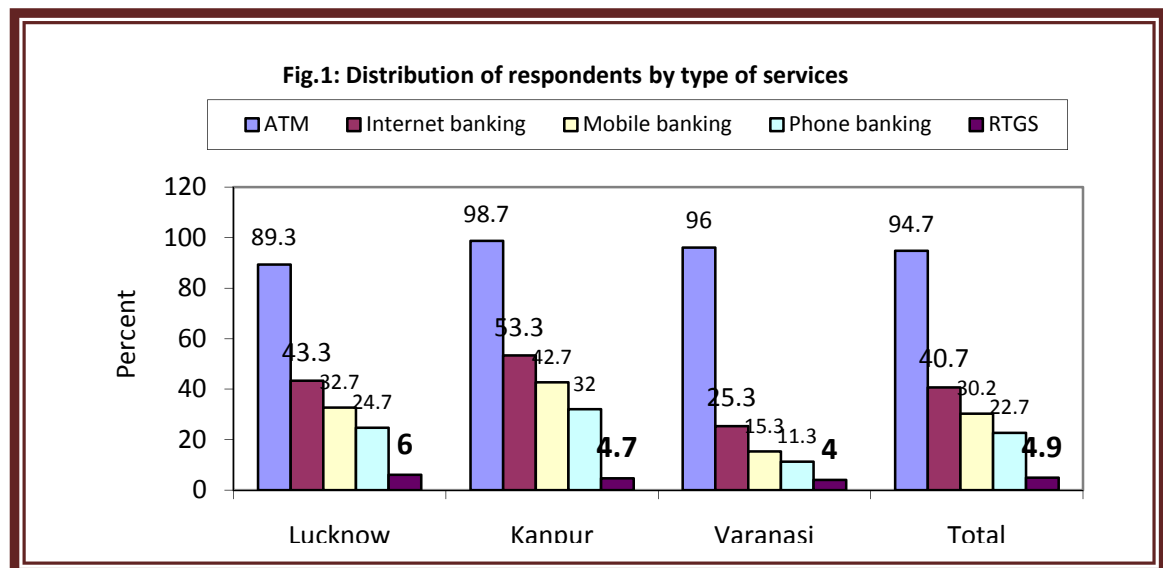
Table 1: Sample Demographic Characteristics

	No. of Respondent (N)	% of Respondent
Gender		
Male	364	80.9
Female	86	19.1
Occupation		
Government service	103	22.9
Private service	65	14.4
Business	177	39.3
others	105	23.3
Education		
High School	13	2.9
Intermediate	37	8.2
Graduation	248	55.1
Post Graduation	152	33.8
Annual Income		
less than 1,00,000	54	12.0
1,00,001 To 2,00,000	36	8.0
2,00,001 To 3,00,000	114	25.3
3,00,001 To 4,00,000	114	25.3
More than 4,00,001	132	29.3
Types of Accounts		
Saving	393	87.3
Current	57	12.7
Category of Banks		
Private Bank	98	21.8
Public Bank	335	74.4
Foreign Bank	17	3.8

Type of services used

The ATM (94.7%) was more used by of the respondents followed by internet banking (40.7%), mobile banking (30.2%), phone banking (22.7%) and RTGS (4.9%). Almost similar pattern was observed across the districts. From X2 test, it was found that the difference between number of people using ATM, internet banking, mobile banking and

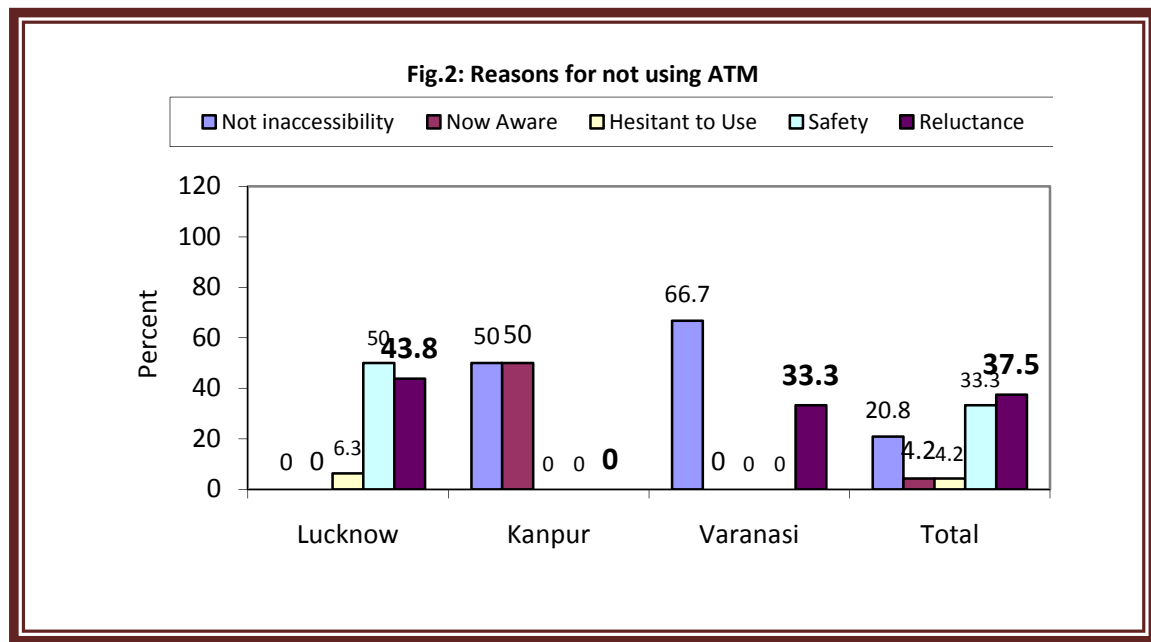
phone banking was significant across the three cities where the survey was conducted. However, the proportion of people using RTGS services was more or less similar in the three cities.



Reasons for not using the services (ATM)

About one third (33.3%) of the respondents were not using ATM due to safety point of view. However, 20.8% were not

using ATM due to its inaccessibility. 37.5% were not using because of reluctant. Almost similar pattern was seen across the districts.



Use of services in an ATM

Majority of the respondents were using ATM for withdrawal (94.4%) purposes followed by transfer (34.3%) and deposits

(15.3%). Almost similar pattern was seen across the districts (Table-2).

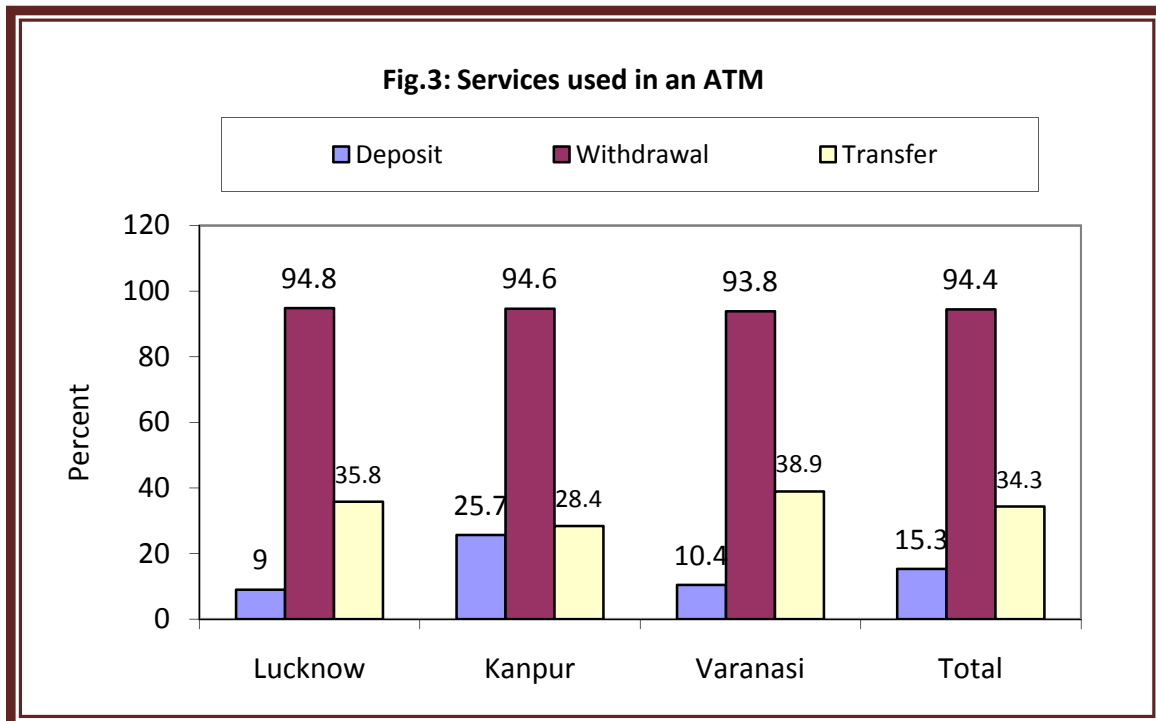


Table-2: Distribution of respondents by Services used in an ATM

Services used in an ATM*	Residence						Total (n=426)	
	Lucknow (n=134)		Kanpur (n=148)		Varanasi (n=144)			
	No.	%	No.	%	No.	%	No.	%
Deposit	12	9.0	38	25.7	15	10.4	65	15.3
Withdrawal	127	94.8	140	94.6	135	93.8	402	94.4
Transfer	48	35.8	42	28.4	56	38.9	146	34.3

*Multiple responses

Failure/dissatisfied of the services (ATM)

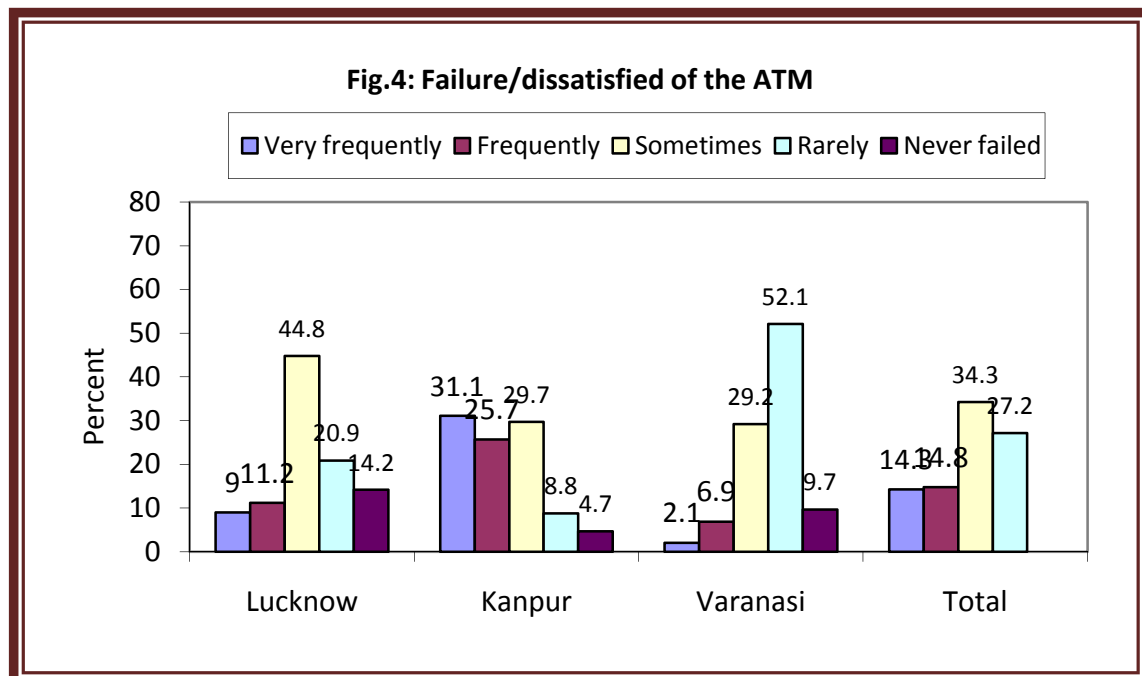
About one third (34.3%) of the respondents perceived that ATM was sometimes failed and 27.2% perceived that this

failed rarely (27.2%). The percentage of very frequently, frequently never failed were very small (Table-3).

Table-3: Distribution of respondents by failure/dissatisfied of the ATM

Failure/dissatisfied of the services	Residence						Total (n=426)	
	Lucknow (n=134)		Kanpur (n=148)		Varanasi (n=144)			
	No.	%	No.	%	No.	%	No.	%
Very frequently	12	9.0	46	31.1	3	2.1	61	14.3
Frequently	15	11.2	38	25.7	10	6.9	63	14.8
Sometimes	60	44.8	44	29.7	42	29.2	146	34.3
Rarely	28	20.9	13	8.8	75	52.1	116	27.2
Never failed	19	14.2	7	4.7	14	9.7	40	9.4

* $\chi^2=131.96$, $p<0.0001$



CONCLUSION

From the above analysis it is observed that the customers prefer ATM use over other e-banking services. Nearly 95% of respondents use ATM services, followed by internet banking, and phone banking. From X2 test, it was found that the difference between number of people using ATM, internet banking, mobile banking and phone banking was significant across the three cities where the survey was conducted. The RTGS services are not being used. Almost similar pattern was seen across the districts.

The respondents who are not using ATM services is due to the safety needs, and due to reluctant and inaccessibility of services.

The services most commonly used in ATM are the withdrawal facility, followed by transfer facility and then deposits facility. Respondents are afraid and hesitant to use other services of ATM.

The perception of respondents are that there are nearly 34% of transaction failure due to various reasons- non availability of funds, problems of network, hardware problems with ATM's locking of ATM's etc.

SUGGESTIONS

The insecurity for the uses of ATM can be overcome by educating the masses through awareness campaigns. More awareness and training programmes should be organized to educate the masses about different services provided by ATM's. More ATM's should be installed at the popular places in the cities so that the ATM's are accessible for the use. People should be educated, about the ATM's services provided by the banks.

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