

## **IMPACT OF ATM SERVICE ON CUSTOMER SATISFACTION: A REVIEW**

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### **ABSTRACT**

*E-services are changing the way people do business in the banking sector. Traditional banking systems are being replaced by electronic-based business models, and most banks are reconsidering their business process architectures and customer relationship management strategies. It's also known as electronic banking or online banking, and it offers a variety of e-channels for accessing banking services, such as ATMs, credit cards, debit cards, internet banking, mobile banking, electronic money transfers, and electronic clearing services. However, in terms of e-banking, ATMs and mobile banking are more well-known than other e-channels. Behind branch banking, automated teller machine (ATM) banking is a common way to obtain banking goods and services. To gain a competitive edge via ATM banking, banks have been increasing access points to newer ATM technology that are quicker, more secure, and provide a broader variety of services, including cash depositing. Expanding the number of happy clients is critical to maintaining bank profitability. As a result, market research on the idea of customer satisfaction and what makes consumers happy is common. When it comes to ATM technology implementation, understanding the variables that affect consumer satisfaction with ATM banking is critical.*

**KEYWORDS:** *Automated Teller Machine (ATM), E-Service, Electronic, Research, Technology.*

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### **1. INTRODUCTION**

A machine that functions as a bank teller by accepting and issuing money to and from ATM account holders/users is known as an automated teller machine (ATM). ATM doesn't mean "avoids traveling with money" or "anytime money," although it does imply both. As a simple method to obtain money from banks, ATM cards are quickly replacing perplexing withdrawal paperwork. They're changing the rules of financial transactions in a manner. Instead of carrying a wallet full of paper money, a wise individual should pull out an Automated Teller Machine (ATM) card from his or her pocket, put it into the machine's slot, type in a few information, and walk away with real cash[1].

The first ATM machine was developed in the 1960s by John Shepherd-Barron, who was the managing director of De La Rue Instruments at the time. On June 27, 1967, Barclays Bank (Barclays Bank in Enfield Town, North London, United Kingdom) utilized the machine. The most essential function of a bank is performed by an ATM. The plastic card has replaced the check, the customer's physical appearance, banking hours limitations, and paper-based verification. Electronic Fund Transfer (EFT) is launched from ATMs. Customers' accounts may be accessed through the ATM, which can also accept instructions from ATM

cardholders. An ATM is an Electronic Fund Transfer machine that can process cash deposits, account transfers, balance inquiries, cash withdrawals, and bill payments[2].

Automatic Teller Machines (ATMs) are used by the majority of bank clients in various areas of the globe, and today's western young have never known a world without them. For them, a cash machine is a tool that performs the same functions as a bank, such as giving basic financial information and distributing cash. The computer is invisible, and the technology is concealed from view. ATMs have taken around 30 years to become commonplace instances of public walk-up-and-use gadgets. Adoption has not been easy, requiring faith in the technology as well as a willingness to change behavioral patterns in the very sensitive area of personal finance. Financial institutions have had a significant, and at times forceful, role in ATM uptake. In cultures where time is valuable and money is easily accessible, the ATM thrives. Individuals with personal bank accounts and access to a broad variety of technologies make up this culture. ATMs are handy and dependable daily objects for these people: just press a few buttons and receive the cash. As ATMs traverse new boundaries and penetrate new cultures, it is critical to comprehend the impact of cultural factors on people's perceptions of, attitudes toward, and actions in relation to the machine. This knowledge is critical for increasing technology adoption and design localization, or the act of integrating a particular cultural context into goods created for various cultures. ATMs are being introduced for the first time in Africa, and we need to understand the new users who are part of a culture that may add new variables into the adoption curve[3].

Although it focuses on urban Africa, the concept may be applied to other public (and personal) technology as well as other emerging markets. The banking sector in Africa is seeing unprecedented competition. To remain competitive, banks are offering a variety of services to entice consumers. 24 hour banking, door-to-door service, telephone banking, online banking, Extended Business Hours (EBH), and quick processing are just a few of the services available. The vast majority of today's bank transactions take occur outside of branch locations. Though the goal of these services is to please consumers, it is necessary to comprehend client awareness, perception, and, most significantly, satisfaction levels. Customers are attracted and retained by providing a variety of custom-tailored plans backed up by a cutting-edge distribution infrastructure (the ATMs). The whole effort is aimed towards assisting banks in providing quick service to their clients while completely avoiding human involvement. Customers may withdraw cash quickly and easily at ATMs. No more haggling with the teller at the bank for change and new bills. Every year, Africa's total cash movement via ATMs is in the millions of shillings (local currency). Things will get much more diverse and difficult in the future. The ATM has evolved into a platform for non-cash transactions such as bill payment, insurance payments, statement printing, and even internet access[4].

## 1.1 Customer Satisfaction As A Concept:

Customer contentment, according to Mwatsika, is a mental state that arises from consumers comparing their expectations before to a purchase with the performance thereafter.

Customer satisfaction, according to Halstead (1994), is a transaction-specific effective reaction to consumers' comparison of product performance to some pre-purchase benchmark. Customers of ATM banking services have expectations of their banks' ATM banking services, and each service contact allows for a more accurate comparison of ATM banking performance to those expectations. The comparison is made after using ATM banking services for the first time or over a period of time.

Customer satisfaction with ATM banking is the emotion that arises from an assessment of the

ATM banking usage experience, including whether the ATM banking worked well or badly in comparison to expectations. Churchill Customer satisfaction is defined by GA & Surprenant as an assessment of a product or service after it has been purchased or used. Consider customer happiness as the total of a product's pleasure with different characteristics, implying that satisfaction with ATM banking will stem from satisfaction with the performance of its features. The evaluative judgment of satisfaction with ATM banking is thus conceived to fall somewhere on a bipolar continuum, with low levels of satisfaction (expectations exceeding performance perceptions) at one end and higher levels of satisfaction (expectations exceeding performance perceptions) at the other (performance perceptions exceed expectations). This evaluative assessment is made at a certain moment based on ATM banking use experience that happened at that time or on cumulative ATM banking experience.

Customer happiness has gained prominence in recent years as a result of empirical research showing that it is an antecedent of customer retention, which improves market share, the firm's corporate image, and long-term profitability. If ATM banking performance meets or exceeds consumers' expectations, banks may expect to maintain and/or grow their ATM banking client base, assuming all other variables remain equal[5].

## **2. LITERATURE REVIEW**

Joseph Jackson Tillya in his study discloses about the impact of ATMs on customer satisfaction in Tanzania's banking sector The NMB Ifakara Branch was chosen as the research's case study. A total of 96 ATM customers from the NMB Ifakara Branch were chosen as samples. Semi-structured questionnaires were used to gather data, which were then collated, coded, and analyzed using the Statistical Package for Social Sciences (SPSS) version 20.0 for Windows. The findings were provided as a table with frequencies and percentages. The dependent variable (consumer satisfaction) and independent factors were also used in regression analysis (reliability, security, safety, accuracy, and convenience). Many respondents are aware of ATM services and have accounts and ATM cards with NMB Ifakara Branch, according to the results. The results also indicate that the services provided by an ATM are effective, with withdrawal being the most common function provided by an ATM, followed by checking balances/recharging. According to the results of the regression analysis, respondents are pleased with the Amin's services in terms of dependability, security, safety, and correctness. They are, however, dissatisfied with the daily limit on the amount of money that can be withdrawn from an ATM and the number of ATMs installed, which they see as impeding the effectiveness of ATM service delivery, particularly at the end of the month when customers wait in long lines to access service[6].

Dale L. Varble in his study dicusses about the automated teller machines (ATMs) are now widely accessible and capable of processing most ordinary financial operations. However, this innovation in the exchange procedure has not taken off as fast as many had hoped, and only a small percentage of bank clients now use it. The features of ATM users are examined in this study, and a profile of this group is presented[7].

Eugene W. Anderson in his study discloses about a model to clearly connect the antecedents and effects of satisfaction. They estimated the model and compared it to other hypotheses from the literature on satisfaction. A unique database was examined in the process: a nationally representative survey of 22,300 consumers of a range of important goods and services in Sweden between 1989 and 1990. Several well-known satisfaction research experimental results are put to the test in a nationwide field setting. For example, they discovered that contentment is best defined as a function of perceived quality and

"disconfirmation," or the degree to which perceived quality falls short of prepurchase expectations. Expectations, contrary to popular belief in the satisfaction literature, do not have a direct impact on satisfaction. Furthermore, they discovered that quality that falls short of expectations has a larger effect on satisfaction and repurchase intentions than quality that surpasses them. Furthermore, they discovered that when quality is simple to assess, disconfirmation is more likely to occur. Finally, we show that the elasticity of repurchase intentions with regard to satisfaction is lower for businesses that offer high satisfaction in terms of systematic variance between firms. This indicated that businesses that continuously offer high satisfaction benefit from a long-term reputation impact[8].

### **3. DISCUSSION**

#### **3.1 Banking through the Internet:**

Electronic banking is a kind of banking that offers and performs financial services to people and businesses through computer networks and telecommunications media (electronic support). Conducting financial operations utilizing information and communications technology is known as electronic banking. E-banking has evolved into a virtual banking counter where individuals and businesses may conduct routine financial transactions. The term "electronic banking" refers to a bank's provision of information or services to its customers via computer or communication technologies, as well as conducting banking activities using information and telecommunication technologies. An electronic fund transfer system is a group of electronic systems or equipment that involves the application of advanced computer and communication technologies. Electronic banking is the supply of information or services by a bank to its clients, and it is described as an electronic link between the bank and the customer for the purpose of preparing, managing, and controlling financial transactions. Electronic banking, according to Daniel, is the delivery of banking services to clients through the Internet[9].

E-banking is also described as the electronic, interactive delivery of innovative and conventional banking goods and services directly to consumers. Furthermore, e-banking is described as a modern business model that includes the use of current information and communications technology to conduct financial transactions 24 hours a day, 365 days a year, from home, the workplace, or on a business trip. Customers benefit from e-banking because it offers them with up-to-date information and access to financial services 24 hours a day, seven days a week (Hamid, 2012). Customers use an intelligent electronic device, such as a Personal Computer (PC), Personal Digital Assistant (PDA), Automated Teller Machine (ATM), or the internet, to access e-banking services. Electronic distribution channels provide a variety of options for delivering banking services to a broader range of consumers more quickly.

Electronic banking is an attempt to bring together a variety of technologies (electronic cash, ATMs, POS/EFTPOS terminals, credit cards, home banking, online banking, Internet banking, mobile banking, and so on), each of which has evolved in its own way, with the goal of providing end-users with a variety of banking products and services. Account balances, instructions to issue bank checks, and account payments are all available through telephone banking.

Customers may conduct their major banking operations, including as deposits and withdrawals, 24 hours a day via ATMs, which are the most widely utilized electronic distribution method. Consumers may also use online banking to check account balances, make credit card payments/transfers, transfer money, and make account payments.

Both banks and consumers have reaped many advantages from e-banking services. The first

advantage for banks that provide electronic banking services is enhanced branding and market response. The primary benefit of e-banking, according to Tillya, is a new distribution channel that provides better services to consumers, as well as the utilization of electronic commerce methods. E-growth banking's has significantly aided banks in reducing their overheads, levies, and service expenses. Many common services and chores have been automated, making them faster and more efficient[10].

### **3.2 Customer Happiness May Be Measured In A Variety Of Ways:**

When it comes to measuring consumer happiness, there are three main paradigms. Customer satisfaction with a product or service, according to the Significance-performance method, is a composite of (1) the perceived importance of a variety of product/service characteristics or advantages, and (2) consumers' perceptions about the degree to which the product or service possesses each attribute. When evaluating a product's or service's perceived performance, the importance ratings are compared to the performance scores on each characteristic to identify the product's or service's strengths and shortcomings[2].

The importance-performance method allows the researcher to determine if a product or service possesses or performs well in customer-valued characteristics (user). As a result, if a product/service performs well in characteristics that consumers (users) value, it has a better chance of pleasing customers (users) and therefore keeping them for repeat purchases and company development. According to Sheppard, this is a really intriguing notion of customer happiness that has gotten a lot of empirical support in the literature.

The Expectations-performance disconfirmation method, developed by Portela M & Thanassoulis, is the second method for measuring customer happiness. Customers assess or quantify their happiness with a product/service by comparing preconception expectations with post-consumption views, according to this method (performance). This is the foundation of Parasuraman's SERVQUAL (Service Quality) measuring methodology.

Customers may evaluate a product/service on a Likert scale based on a set of generic characteristics to determine their expectations of and perceptions of the performance of product/service attributes to determine customer satisfaction. Cronin JJ & Taylor's third method to measuring customer happiness, Performance Only, contradicts the previous two approaches by suggesting that customer satisfaction is influenced only by the consumers' views of the product/performance. service's This method overlooks the significance of measuring customer happiness and the expectations of consumers. The SERVPERF (Service performance) model, which is a Likert scale where customers measure their perceived performance only of the product/service general attributes to determine their satisfaction with the product/service, is based on Cronin JJ & Taylor's conceptualization of this measurement approach. The literature's ongoing dispute over the advantages of SERVQUAL vs. SERVPERF, and vice versa, favors SERVPERF, the performance-based paradigm, over SERVPERF, the disconfirmation-based paradigm[3].

Both measuring methods, SERVQUAL and SERVPERF, believe that the product service is a collection of characteristics (features) whose performance quality affects the degree of customer satisfaction with the product/service. Customers' happiness is based on an overall assessment of the product/superiority, service's which is made by comparing attribute importance to performance, or by comparing attribute expectations to performance, or by evaluating attribute performance alone[5].

### **3.3 Attributes of ATM Banking:**

A product/service is defined in marketing literature as a collection of characteristics

(attributes) with the potential to meet consumers' implicit or explicit needs/wants. As a result, service quality is a measure of how well a product or service is provided in order to satisfy client expectations.

As a result, literature suggests that service quality is a precondition for customer happiness. Similarly, ATM banking is a product/service with attributes/features that cater to bank clients' implicit and explicit requirements. To achieve customer satisfaction, the characteristics must provide service quality that meets or exceeds the client's expectations. Managers should grasp the features/attributes of ATM banking that offer service quality before delivering customer happiness via ATM banking since these are the elements that affect performance superiority to influence customer contentment.

Several empirical researches are available. This research used ATM banking characteristics identified by Al-Hawari M, Lovelock CH, Moutinho, Yavas U; and Davies F. These characteristics include the number of ATMs per ATM station, the issuance of clean notes, readable slips, access to a wide range of banking services via ATMs, the appearance of corporate branding on ATMs, the cleanliness of ATMs and ATM stations, the ease of applying for ATM cards, privacy when using ATMs, advice on ATM usage and ATM security, and employee accessibility to solve ATM problems.

From the empirical investigations, a total of 25 ATM characteristics were chosen. These ATM banking characteristics fit fewer than one of five service quality dimensions: tangibles, dependability, responsiveness, assurance, and empathy.

Physical facilities, equipment, and personnel appearance are tangibles; reliability is the ability to provide the promised service consistently and accurately; responsiveness is the willingness to assist customers and provide prompt service; assurance is employee knowledge and courtesy, as well as their ability to inspire trust and confidence; and empathy is caring, individualized attention.

For the examination of the variables that influence customers' satisfaction with ATM banking, the research selected 25 characteristics of ATM banking from empirical studies that fit into the five dimensions of service quality and will be operationalized via a multiple scale performance measuring instrument[7].

### **3.4 Model for Research:**

According to the literature research, a product/service like ATM banking is a collection of features/attributes with the potential to meet consumers' implicit or explicit needs/wants. The tangibles, dependability, responsiveness, assurance, and empathy are the five dimensions in which these features/attributes are classified. The term "service quality" refers to how effectively these product/service features/attributes fulfill consumers' expectations for the product/service. As a result, the performance of product/service features/attributes in each service quality dimension affects consumers' happiness with the product/service, as shown in As a result, the study model was developed in terms of conceiving, classifying, and evaluating the performance of variables that affect consumer satisfaction with ATM banking[10].

### **3. CONCLUSION**

Many studies anticipated that all 25 ATM banking characteristics would offer a perfect model for predicting customer happiness with ATM banking, as well as the performance of ATM banking attributes (independent variables) and consumer satisfaction with ATM banking (dependent variable)

ATM fees charged, ATMs not out of service, cleanliness of ATMs, accuracy of ATM transactions, ease of access to ATMs, readable slips, convenient location, employee accessibility to solve ATM problems, privacy at ATM stations, employee speed in solving ATM issues, ease of application process for ATM cards, and cash availability in ATMs are identified as key factors that influence customers'.

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