

Banking Customer Attitudes toward ATM Service in Nepal

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ABSTRACT

This research aims to examine factors influencing customer attitudes toward ATM service. This research followed the descriptive research design for fact-finding and identifying adequate information about factors influencing customer attitudes towards ATM service in Nepalese commercial banks. This study is based on primary data. For the survey, 150 questionnaires were distributed to ATM user customers. Out of 150, only 121 (80.67%) usable questionnaires were returned. The results show that most of the customers have positive attitudes towards ATM services in terms of responsiveness, convenience, ease of use, and speed. It is evidenced that Nepalese commercial banks have adopted ATMs as the way for providing efficient and effective services to their customers.

Key Words: ATM, Responsiveness, Convenience, Ease of Use, Speed, Nepal.

1. INTRODUCTION

Technology plays a major role in today's service marketing [1]. An automated teller machine (ATM) is used for providing banking services in today's context. It refers to a computerized telecommunications system. It offers access to financial transactions in a public space to the customers of banks and financial institutions without the need for a cashier, assistance, or bank teller. The ATM is a mix of computer programs, record-keeping systems and a cash vault in one place that allows the customers to enter the systems with a plastic card with a personal identification number (PIN). It also allows the customers to a special code number in the computer terminal connected to the computerized records for 24 hours a day [2]. [3] argued that an ATM means neither, "avoids travelling with money" nor "anytime with money" but certainly implies both, because ATMs were the first well-known machines to provide bank customers access to electronic money and transactions, which is more convenient than banking hall and hour transaction [4].

With the beginning of ATMs, today's financial institutions are able to efficiently and effectively serve customers outside the banking lobby uninterrupted throughout a whole day without the barriers of fix time and periods. An ATM is operated by a plastic card with its special features [5]. It is intended to perform the major function of banking activities. This ATM card is replacing human-based operations such as cheque clearing, checking of account balances, utility bills payment, money transfers, personal attendance to customers, banking hour's restrictions, and other paper-based verification [6]. The ATM has made cash at bank just seconds away all through the day at everywhere of the globe that allows banking customers to perform a number of transactions like making balance inquiries, withdrawing cash from personal account, making deposits and fund transfer from one account to another and electronic business transactions [7].

Today, the use of ATM in banking transactions is increasing worldwide. The practice of ATM cards brought up dramatic changes in withdrawing money in the Nepalese financial sector also. The country has witnessed a swift growth in banking transactions with the increasing use of information and telecommunication technologies in the Nepalese banking sector. Nepalese commercial banks are increasing their technology-based services day by day. As the banking sector is totally a service-oriented industry, the banks and financial institutions are also offering different services to their customers in Nepal. ATM service is one of the important services that enhance value to banking customers. Before adopting this service, they consider many factors such as a safe and convenient location, a sufficient number of ATMs, a user-friendly system and ATM functionality [8]. Customer prefers also 24 hours of service, accurateness, and well-located locations as part of ATM service [9]. Likewise, [10] observed that many organizations invest resources in information technology in order to achieve benefits such as improved customer services, increased efficiency or productivity, and competitiveness in the market. Likewise, adequate numbers of ATMs, convenient and secure location, and user-friendly system, speed, minimum errors, high uptime, cash backup, cost and service coverage are essential service quality aspects of ATM service [11]. In a similar way, a customer gives more focus on ATM delivery system that fulfils their needs and maximize operational performance is an essential dimension for a bank to achieve and sustain competitive

advantage [12]. [13] also argued that the location of service delivery model is a strong driver of customers' perception of ATM adoption.

Observing these all things, this study focuses on the attitude of Nepalese customers towards ATM service provided by commercial banks. Especially, this study reveals the customer perception towards ATM service based on major four factors such as responsiveness, convenience, ease of use, and speed. This study is expected to provide important knowledge about the factors influencing customer attitudes towards ATM service in Nepalese commercial banks. This study also helps banks and their employees to improve ATM service to satisfy customers.

2. RESEARCH METHODS

This research followed the descriptive research design for fact-finding and identifying adequate information about factors influencing customer attitudes towards ATM service in the banking sector of Nepal. The study was conducted using a survey method to examine customer attitudes. There are 27 commercial banks operating in the country, out of them Nepal Investment Bank Ltd., Prabhu Bank Ltd., and Prime Commercial Bank Ltd. were considered as a sample unit using a purposive sampling method. This study is based on primary data. For the survey, 150 questionnaires were distributed to ATM user customers of each of the sampled banks. Out of 150, only 121 (80.67%) usable questionnaires were returned. The scale of the questionnaire ranges from 1 (strongly agree) to 5 (strongly disagree). The table (1) presents the respondents' profiles. This profile reveals the personal characteristics of respondents combined on the basis of gender, marital status, academic qualification, and age. The following table (1) represents the demographic characteristics of the respondents.

Table 1: Demographic characteristics of the respondent (N =121)

Demographic Variables	Categories	Frequency	Percentage (%)
Gender	Male	83	68.6
	Female	38	31.4
Marital Status	Married	43	35.5
	Single	78	64.5
Academic Qualification	Intermediate	29	24
	Bachelor	56	46.3
	Master	36	29.8
Age	20-35	65	53
	36-45	40	33
	46-55	13	11
	56 years and above	3	2

The majority of the respondents are male (68.6 percent) followed by female respondents (31.4 percent). The majority of the respondents (64.5%) of the study are single and remaining (35.5%) respondents are married. The majority of the respondents (46.3%) are from the bachelor's level. Similarly, some (29.8%) are from masters and (24%) intermediate. In the case of age group majority of the respondents (53%) are of the age group of 20-35 years that is followed by age group of 36-45 years (33%).

3. EMPIRICAL RESULTS AND DISCUSSION

3.1 Descriptive Statistics

The basic descriptive statistics (such as scale mean, and standard deviation) of the variables and their respective Cronbach's alpha are presented in the following table (2).

Table 2: Scale Mean, Standard Deviation, and Cronbach's Alpha

Scales	Mean	S.D.	Alpha
Responsiveness	1.96	0.3	0.79
Convenience on ATM service	1.97	0.40	0.87
Ease of use on ATM service	1.98	0.24	0.84
Speed of ATM service	2.23	0.20	0.89

3.2 Customers Attitudes towards ATM service based on responsiveness, convenience, ease of use, and speed

This section provides information on customer attitudes. The respondents were asked questions regarding their view on the level of responsiveness, convenience, ease of use, and speed of ATM service provided by the commercial banks.

Responsiveness

Responsiveness is one of the important determinants of customer attitudes in Nepalese commercial banks. The more reliable the banking products and services, the more positive will be the customer attitude. This section discusses customer attitude towards ATM service based on responsiveness.

Table 3: Responses regarding Responsiveness on ATM service (N = 121)

Statement		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	S.D.
ATM provides prompt services to the customers	F	48	55	16	1	1	1.78	0.5
	%	39.7	45.45	13.22	0.83	0.83		
	A%	85.15		13.22	1.66			
ATM promptly responds to customers' inquiries	F	24	76	18	3	-	2	0.3
	%	19.8	62.81	14.88	2.48			
	A%	82.61		14.88	2.48			
Balance inquiry can be done easily	F	42	48	29	1	1	1.94	0.3
	%	34.7	39.67	23.97	0.83	0.83		
	A%	74.37		23.97	1.66			
ATM is used to check and print account mini statements	F	21	71	22	6	1	2.13	0.3
	%	17.4	58.68	18.18	4.96	0.83		
	A%	76.08		18.18	5.79			
Weighted Average Mean							1.96	0.3

Note: A% denotes accumulated % of agree, neutral and disagree

The results show that the majority of the respondents (85.15 percent) agree that ATM provides prompt services to the customers. However, some respondents (13.22 percent) are indifferent to the statement. Similarly, the mean value for the statement is 1.78 with a S.D. of 0.5. The majority of the respondents (82.61 percent) believe that the ATM promptly responds to customers' inquiries, whereas few respondents (2.48 percent) disagree that the ATM promptly responds to customers' inquiries. The rest of the respondents are indifferent to the statement. The mean value for the statement is 2 with a S.D. of 0.3. Regarding the responses on the statement "balance inquiry can be done easily", majority of respondents (74.37 percent) believe that balance inquiry can be done easily; whereas few respondents (1.66 percent) disagree that balance inquiry can be done easily. However, rests (23.97 percent) of the respondents are indifferent to the statement. Similarly, the mean value for the statement is 1.94 with S.D. of 0.3. Similarly, majority of the respondents (76.08 percent) opine that ATM is used to check and print account mini statements, whereas few respondents (5.79) disagree that the ATM is used to check and print account mini statements. The rest (18.18 percent) respondents are indifferent towards the statement. Similarly, the mean value for the statement is 2.13 with a S.D. of 0.3. The mean of the responsiveness ranges from a minimum value of 1.78 to the maximum value of 2.13 with the weighted average mean value of 1.96. The most preferable observation is "ATM provides prompt services to the customers" with a mean value of 1.78 with a S.D. of 0.5, whereas the leastpreferable observation is "ATM is used to check and print account mini statement" with a mean value of 2.13 with a S.D. of 0.3.

Convenience on ATM service

Convenience is concerned with the location. It is the state of being in a position to proceed with something difficult. It is assumed that there is a positive association between customer mind-set and convenience at which the ATM is located. This section discusses customer attitudes towards ATM service based on convenience.

Table 4: Responses regarding convenience on ATM service (N = 121)

Statement		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	S.D.
ATMs are located at convenient location	F	35	52	29	5	-	2.03	0.68
	%	28.93	42.98	23.97	4.13			
	A%	71.91		23.97	4.13			
Sufficient number of ATMs for customers	F	39	67	13	2	-	1.82	0.89

	%	32.23	55.37	10.74	1.65		
	A%	87.6		10.74	1.65		
ATM operates even when electricity is cut-off	F	36	55	28	2	-	1.97 0.78
	%	29.75	45.45	23.14	1.65		
	A%	75.2		23.14	1.65		
ATM operates for 24 hours/7 days a week without error	F	22	79	14	5	1	2.05 0.98
	%	18.18	65.29	11.57	4.13	0.83	
	A%	83.47		11.57	4.96		
Weighted Average Mean						1.97	0.40

Note: A% denotes accumulated % of agree, neutral and disagree

The results show that the majority of respondents (71.91 percent) believe that ATMs are located at a convenient location. Whereas some respondents (4.13 percent) disagree that ATMs are located at a convenient location and the rest of respondents (23.97 percent) are indifferent about the statement. Likewise, the majority of the respondents (87.6 percent) agree that a sufficient number of ATMs for customers. Whereas some respondents (1.65 percent) disagree that the sufficient number of ATMs for customers and the rest (10.75 percent) respondents are indifferent to the statement. The majority of respondents (75.2 percent) believed that ATM operates even when electricity is cut-off whereas (1.65) of the respondents disagree that ATM operates even when electricity is cut off and (23.14) of them rest respondents are indifferent to the statement. Likewise, the majority of respondents (83.47 percent) agree that ATM operates 24 hours/ 7 days a week without error whereas (4.96 percent) of the respondents and the rest (11.57 percent) respondents are indifferent to the statement.

The mean of the convenience ranges from a minimum value of 1.82 to the maximum value of 2.05. Among them, the most preferable observation of the respondents regarding the convenience is "sufficient number of ATMs for customers" with a mean value of 1.82 with S.D. of 0.89, whereas the least preferable observation is "ATM operates for 24 hours/7 days a week without error" with a mean value of 2.05 with S.D. of 0.98.

Ease of use on ATM service

Ease of use refers to the straightforward and simple to use. It's one concept that has been investigated in technology adoption studies especially in the workplace. It is assumed that there is a positive relationship between the ease of use of ATM and customer attitudes. This section discusses customer attitudes towards ATM service based on this factor.

Table 5: Responses regarding ease of use on ATM service (N = 121)

Statement		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	S.D.
Keypad of ATM machine works properly	F	33	49	36	3	-	2.07	0.92
	%	27.27	40.50	29.75	2.48			
	A%	67.77		29.75	2.48			
Instructions are clear and easy to follow	F	28	81	12	-	-	1.87	0.62
	%	23.14	67.94	9.92				
	A%	91.08		9.92				
Easy to understand which button to be licked for the next steps.	F	43	57	18	3	-	1.80	0.81
	%	35.54	47.11	14.88	2.48			
	A%	82.65		14.88	2.48			
ATM services are more friendly to the customers	F	17	72	27	5	-	2.17	0.82
	%	14.05	59.50	22.31	4.13			
	A%	73.55		22.31	4.13			
Weighted Average Mean						1.98	0.24	

Note: A% denotes accumulated % of agree, neutral and disagree

The results show that the majority of respondents (67.77 percent) believe that the keypad of the ATM machine works properly, whereas some respondents (2.48 percent) disagree that keypad of ATM machine works properly and the rest of the respondents (29.75 percent) are indifferent about the statement. Likewise, the majority of the respondents (91.08 percent) agreed that instructions are clear and easy to follow where and the rest (9.92 percent) respondents are indifferent to the statement. The

majority of respondents (82.65 percent) believe that easy to understand which button to be checked for the next steps and the rest (14.88 percent) respondents are indifferent to the statement. Likewise, the majority of respondents (73.55 percent) perceive that ATM services are friendlier to customers. Whereas (4.13 percent) of the respondents disagree and (22.31 percent) are neutral about the statement. The mean of the convenience ranges from a minimum value of 1.80 to the maximum value of 2.17. Among them, the most preferable observation of the respondents regarding the use of ease is "easy to understand which button to be checked for next steps" with mean value of 1.80 with S.D. of 0.81, whereas the least preferable observation is "ATM services are more friendly to the customers" with mean value of 2.17 with S.D. of 0.82.

Speed of ATM service

Speed refers to the rate at which someone or something moves or operates or is able to move or operate. It is concerned with how fast the ATM service is. It is assumed that there is a positive relationship between the speed of ATM and customer attitudes. This section discusses customer attitudes towards ATM service based on speed.

Table 6: Responses regarding Speed of ATM service (N = 121)

Statement		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	S.D.
ATM serves as per your expected time	F	38	55	27	1	-	1.93	0.94
	%	31.40	45.45	22.31	0.83			
	A%	76.85		22.31	0.83			
Speed of delivery of ATM cards is fast as compared to other banks	F	33	73	15	-	-	1.85	0.63
	%	27.27	60.33	12.40				
	A%	87.6		12.40				
Transaction process is much faster than visiting a branch	F	46	54	15	4	2	2.97	0.76
	%	38.02	44.63	12.40	3.31	1.65		
	A%	82.65		12.40	4.96			
ATM service is fast as compared to other banks	F	23	68	21	7	2	2.15	0.79
	%	19.01	56.20	17.36	5.79	1.65		
	A%	75.21		17.36	7.44			
Weighted Average Mean							2.23	0.20

Note: A% denotes accumulated % of agree, neutral and disagree

The results show that the majority of respondents (76.85 percent) believe that ATM serves as per their expected time whereas some respondents (0.83) disagree and the rest of respondents (22.31 percent) are indifferent about the statement. Likewise, the majority of the respondents (87.6 percent) agreed that the speed of delivery of ATM cards is fast as compared to other banks. Whereas none of the respondents disagree that of delivery of ATM card is fast as compared to other banks and the rest (12.40 percent) respondents are indifferent to the statement. The majority of respondents (82.65 percent) believed that the transaction process is much faster than visiting a branch. Whereas (4.96 percent) of the respondents disagree that transaction process is much faster than visiting a branch and the rest (12.40 percent) respondents are indifferent to the statement. Likewise, the majority of respondents (75.21 percent) perceive that ATM service is fast as compared to other banks whereas some respondents (7.44 percent) disagree and the rest (17.36 percent) respondents are indifferent to the statement. The mean of the ease of use ranges from a minimum value of 1.85 to the maximum value of 2.97. Among them, the most preferable observation of the respondents regarding the speed of ATM service is "Speed of delivery of ATM card is fast as compared to other banks" with a mean value of 1.85 with a S.D. of 0.63, whereas the least preferable observation is "transaction process is much faster than visiting a branch" with a mean value of 2.97 with a S.D. of 0.76.

4. CONCLUSIONS

As the banking sector is totally a service-oriented industry, the attitudes of customers determine the performance and survival of the commercial banks. Happy customers are the long-term assets of successful banks. Improvement in service quality can enhance the positive attitudes of customers and their loyalty. So, Nepalese commercial banks can create happy customers by offering effective ATM service quality to them. If these banks are able to improve the problem of network services and solving problems related to card business then they can satisfy their customers. These all help commercial banks to retain their customers and maximize their profitability as well. These facts seem to be consistent with the findings of [14, 15, 16, 17, & 18].

It is evidenced that Nepalese commercial banks have adopted ATMs as the way for providing efficient and effective services to their customers. Despite the good intention of efficient and effective services, customers who have resistant to technology or cannot organize their transaction or simply do not use ATMs, customer routinely kick and punch ATMs when their push-button

selection does not give them what they expect. The customer care desk has still registered more complaints of dissatisfied customers about ATM failures to perform their basic operations such as rejection of cards by the machine, machine breakdown, and restriction of the amount to be drawn and others. These are some of the key issues the commercial banks need to consider at the time of providing effective ATM services to their customers.

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