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CHAPTER II
REVIEW OF LITERATURE

2.1 INTRODUCTION

This chapter exhibits the previous studies of various experts in different periods about the customers satisfaction on ATMS and their views.

2.2 REVIEW OF PREVIOUS STUDIES

EI-Hadden and Almahmeed (1992)\(^1\) found that the majority of the ATM users are young, married, with at least high school education and have above average income.

Yavas et al., (2000)\(^2\) argued that a customer focused ATM delivery system that fulfills their needs and maximize operational performance is an essential dimension for bank to achieve and sustain competitive advantage.

Joseph and Stone (2003)\(^3\) found that secure and convenient location, adequate number of ATMs, user friendly system and functionality of ATM play an important role in customer satisfaction.

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Surjadija et al., (2003)\textsuperscript{4} mentioned that price or charges and surcharges affect the customers’ perception of ATM service quality. The higher charges give an impression of injustice and non-competitiveness and may lead to switching over from the service producer bank.

Shansuddoha et al., (2005)\textsuperscript{5} identified that the banking habits and transactions are increased to a considerable extent after the introduction of ATM. It also increases the productivity and performance of banks in Bangladesh.

Shansuddoha et al., (2005)\textsuperscript{6} found that 24 hours service, accuracy and convenient locations were the main predictors of customer satisfaction on ATM services.

Shansdouha et al., (2005)\textsuperscript{7} found that 24 hours service, accuracy and convenient locations are the main predictors of customer satisfaction. The study also identifies lack of privacy in executing the transaction, fear of safety and complexity of the machine as the major causes of concern for the customers.

Al Hawari and Ward (2006)\textsuperscript{8} found the significant impact of automated service quality on the financial performance of the banks. They also mentioned the

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significant mediator of customer retention in between the automated service quality and financial performance of the bank.

Lucy (2006)\(^9\) found that the level of satisfaction on ATM services is reduced by technological and processing failures.

Takala and Viven (2007)\(^{10}\) revealed that there is a significant impact of ATMs on the use of cash among the customers since they are using fund transfer, debit/credit card for their purchase.

Yousafzai et al., (2007)\(^{11}\) found that payment cards used for cash withdrawals at ATMs cost considerably more since transactions involve cash replenishment, maintenance and security costs.

Hogarth et al. (2008)\(^{12}\) identified that large number of customers are resistant to this new mode of service delivery and prefer more personalized service.

Dilijonas et al., (2009)\(^{13}\) mentioned that adequate number of ATMs, convenient and secure location, and user-friendly system, speed, minimum errors, high uptime, cash backup, cost and service are essential service quality aspects of ATM services.

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Herington and Weaven (2009)\textsuperscript{14} opined that automated banking service quality has the potential to empower customers and financial services, and is positively associated with customer satisfaction.

Kausan and Isfan (2009)\textsuperscript{15} found that the important benefits from the use of ATMs are speed, enjoyment, ease of use, physical experience and control. The customers personality characteristics were also found to have a positive influence on the use of ATMs. Impatience and self esteem were the major reasons for the increasing use of ATMs. Speed of transaction and ease of use of ATMs were the motivating elements to use the ATMs. Technical reliability and malfunctioning of ATMs could be one big hurdle in the use of ATMs.

Khan, and Mahapatra (2009)\textsuperscript{16} revealed that customers are satisfied with the reliability of the banks but not with the dimension of user friendliness.

Komal (2009)\textsuperscript{17} compared the customer satisfaction on the impact of ATM services offered by SBI, ICICI and HDFC. The customer satisfaction on the impact of ATM services offered by ICICI is far better compared to HDFC and SBI.

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Sultan and Komal (2009)\textsuperscript{18} identified that the ATM service quality has a significant impact on customer satisfaction at a higher rate in ICICI than at SBI and HDFC bank customers.

Ayo et al., (2010)\textsuperscript{19} stated that the level of satisfaction intended to be provided by these machines is reduced by technological and processing failures, the perception that the service delivery mode is expansive and insecurity regarding stand-alone ATMs. All these create customers’ dissatisfaction.

Bhatta (2010)\textsuperscript{20} showed that technical complexities like trapping of the card, frequent out-of-service messages, machine not properly functioning, no back up during load-shedding, system problem and software problem affect the customers’ attitude on ATMs services.

Khan (2010)\textsuperscript{21} found the significant positive impact of service quality of ATM service especially ease of use, security, ease of access, networks, accuracy and complaint handling on the level of customer satisfaction on ATM services.

Kheng et al., (2010)\textsuperscript{22} found that customers are satisfied with ATM banking and concluded that Customer satisfaction is an antecedent of customer retention in banking.

Mohammed (2010)\textsuperscript{23} found that the ATM machine can enable customers to deposit and withdraw cash in less time and in more convenient places than in bank branches.

Ombati et al., (2010)\textsuperscript{24} found that there was a direct relationship between the technology and service quality and the customers were satisfied from the secured services and location of ATMs.

Alaa and Wael (2011)\textsuperscript{25} showed that simulated annealing outperforms both Neurotic Approach by up to 26.32 per cent and Genetic Algorithm using convolution by up to 22.88 per cent in terms of percentage coverage value. Regarding the saving in number of ATMs, simulated annealing algorithm saves up to 33 ATMs over Henristic approach and upto 6 ATMs over Genetic Algorithm using convolution.

Isa and Yusuf (2011)\textsuperscript{26} opined that ATMs can enable depositors to withdraw cash from whichever bank they wish to and make deposits at more convenient times and places than during banking hours or at bank counters thereby reducing the cost of servicing some demands of the depositors.

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Kumbhar (2011)\textsuperscript{27} indicated that customers are more satisfied on ATM services offered by private sector banks compared to public sector banks. The customers perception on efficiency, security and responsiveness, cost effectiveness, problem handling and compensation and contact service related to ATM service is low on both public and private sector banks.

Kumbhar (2011)\textsuperscript{28} indicated that customers perception about efficiency, security and responsiveness, cost effectiveness, problem handling and compensation and contact services related to ATM service is low in both public and private sector banks.

Pahwa and Saxena (2011)\textsuperscript{29} stated that the service quality of ATM personnel, location, sufficient number of ATMs in city are the important satisfied aspects in ATM services.

Sanda (2011)\textsuperscript{30} revealed that most bank customers who use the ATM services perceive the ATM as a convenient, reliable, accurate and suitable service delivery tool for their banking transactions.

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Alagu and Sharma (2012)\textsuperscript{31} measured the consumers attitude towards ATM services. They found that the level of customer satisfaction on ATM services is good. It is identified as higher in public sector banks than that in private sector banks.

Emeka and Ezeani (2012)\textsuperscript{32} have provided significant and empirical insights into the access, utilization, benefits and challenges of the ATM by bank customers in Ibadan metropolis. They also demonstrated that a considerable number of customers have access to this machine and are consequently utilizing then for multi-purpose transactions.

Mohammed (2012) identified the factors affecting the customers demand for ATM services. He identified that graduate and employed male customers who belong to higher income groups and having a bank account, preferably in public sector banks are greatly inclined to use the ATM services. Significant positive influence of the characterized socio-economic attributes on the use of the ATM services was also found on these customers.

Ogundele et al., (2012)\textsuperscript{33} mentioned that the advent of ATM has helped to ease the customers’ problem of money withdrawals, fund transfer and voucher recharge for cell phones among others.

Pijush and Saralelinath (2012)\textsuperscript{34} analysed the relationship between demographic variable and preference to use ATM. The study reveals the role of gender in the preference to use ATM. The important uses of ATM services among respondents are cash withdrawal, balance check and mini statement. The important problems faced are non-operational ATM, and receipt not issued/receipt printing illegible.

Ramola and Ajay (2012)\textsuperscript{35} stated that the services provided to the customers by banks through automatic teller machine plays a crucial role in the modern society. It has been identified that almost all the customers are accepting the ATM, as a useful and modern tool for dispensing cash due to advancement in technology.

Ramola and Sundaram (2012)\textsuperscript{36} measured the level of customer satisfaction on ATM services by tangibility, reliability, convenience, assurance, accuracy, ease of use, responsiveness and safety. The overall customer satisfaction on ATM services is good. The significantly influencing factors on the overall customer satisfaction are reliability, convenience, ease of use and safety.

Richa et al., (2012)\textsuperscript{37} found that the main problem faced by customers is the supply of old notes in ATM, service quality, telephone banking service quality,

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internet banking service quality, core service quality and so on. The ATM service quality is measured by the sufficient number of ATMs, secured locations, user-friendly system, and ATM functions.

Shariq (2012)\(^{38}\) stated that the banking attributes such as account type, convenience, number of services offered and cost of banking services do not have very attractive influence on the use of the IT based banking services.

Shariq and Tandon (2012)\(^{39}\) revealed that withdrawal facility provided by bank ATMs is the most common service being used by the customers. The other services provided by ATMs such as deposits, transfers, utility payments are not so commonly used by the customers.

Shobha and Prema (2012)\(^{40}\) found that the ATM cardholders are satisfied with easy transaction, merchandise transaction, speedy operation, saving time, anywhere banking and existence of security among the ATM services offered by both public and private sector banks. The opinion on the services offered by public sector banks is slightly higher compared to private sector banks.

Bhosale (2013)\(^{41}\) concluded that each bank has its own ATM either onsite or offsite. The ICICI banks have more number of ATMs as compared to other private sector banks. State bank of India is leading in the case of public sector banks. Miraj


Taluka is leading in banking network having the highest number of branches and ATMs.

Bishnoi (2013)\textsuperscript{42} concluded that ATM is a very convenient mode of electronic banking. The ATM service quality is such as convenience, efficient operations, security and privacy, reliability and responsiveness have a significant impact on customer satisfaction on ATM services.

Dawodu and Mary (2013)\textsuperscript{43} found that the attributes of diffusion (relative advantage, complexity, compatibility, friability and observability) as a whole have significant impact on the adoption of ATM. The advantages of the ATM are speed, efficiency, availability and relative safety of personal information.

Haruna (2013)\textsuperscript{44} found that the three most important determinants of satisfaction on ATM services are promptness of card issue, safety and security and cost effectiveness. Machines running out of cash, link failure and long time in dispensing cash were found to be the most occurring ATM challenges.

Manpreet (2013)\textsuperscript{45} revealed that the demography of customers play an important role in the customer satisfaction on ATM services. The bank gains competitive advantage over their rivals by providing electronic banking services as technology induced services, reduced cost of operations, resources geographical

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barriers, 24 hours banking, extended hours of business and efficiency in daily banking processes.

Nasteh (2013)\(^\text{46}\) identified a high degree of customer complaints with ATM downtime, cash out, high charges and sometimes, poor service recovery efforts when customers have problem.

Seetha and Kavitha (2013)\(^\text{47}\) identified that the factors influencing the customer satisfaction on ATM services are nearness, round the clock facility, prestige, convenience and minimum balance. The demographic variables such as age, level of education, and income of the respondents do not influence the customer satisfaction.

Siyanbola (2013)\(^\text{48}\) stated that customers can now transact their banking business in branches nearer to them and they can also withdraw money from any ATM including the ones located outside the bank where they have an account.

Srinivasa et al., (2013)\(^\text{49}\) concluded that the customers are satisfied from the ATM services of public and private sector banks. The customers prefer convenience and comfort of the ATM locations in the city. The most important issue is grievance settlement.


Adenivan and Junaidu (2014) indicated that customers are satisfied with the ease of use of ATM, transaction cost and service security but not satisfied with the availability of cash in ATM.

Barun et al., (2014) stated that majority of the customers were satisfied by the usage of ATM services since it is convenient and time saving. The restricted limit for cash withdrawal is a major hurdle in the usage of ATM cards. The factors leading to customer satisfaction on ATM services are accessibility, convenience, efficiency, responsiveness, security, privacy and reliability.

Basir (2014) indicated that a large number of respondents were satisfied with the type of ATMs they used, both in terms of their mode of operation and access. The perceived ease of use and perceived accessibility had high positive perception on the respondents. Most of the customers used the ATM as a result of its provision of quick access to money and ease of operation but not mainly on its optimum security.

Charles (2014) found that there is a significant association between the service quality attributes of ATM services and customer satisfaction. The ATM technologies in Malavi are user friendly, have good operational speed, make, accurate transactions, do not frequently break down, produce readable slips, and offer a range of banking services.

Fatai et al., (2014)\textsuperscript{54} revealed that ATM has reduced queues in the banking hall significantly. The result showed that the frequency of demand for money to meet transactionary and precautionary motives is significantly greater through ATM.

Lasisi and Abubabar (2014)\textsuperscript{55} revealed that there is a significant positive impact of ATM services on the case of use, transaction cost and security whereas there is a positive impact on the availability of money, is not statistically significant.

Leo and Vellimalarruby (2014)\textsuperscript{56} stated that the gender and income level of the customers influence the number of ATMs utilised by the customers and their usage of ATM cards.

Mwaikali (2014)\textsuperscript{57} stated that card locking, insecurity, machine breakdown, machine out of cash, and delay in cash dispensing to large extent are among the factors that pose challenges to bank customers when using ATMs in Tanzania.

Odusina and Olumide (2014)\textsuperscript{58} indicated a strong and positive relationship between ATM usage and customer satisfaction. ATM increases the ability to hold cash but reduces the volume of customers transacting business in the banking hall.

Rath and Pattnaik (2014)\textsuperscript{59} found that most of the respondents prefer ATMs for withdrawal of cash at anytime and at any place. The respondents are facing some problems in using ATMs namely insufficient funds, limit of withdrawal, repair of machine, less ATM centres, improper use of cards and damage of cards.

Shafee and Prabakaran (2014)\textsuperscript{60} studied the ATM services offered by the Post Bank of India. They found that the customers of these ATMs experience safety, quick processing and secrecy of operation.

Lusekelo and Gervas (2015)\textsuperscript{61} identified that there is a great connection between gender, age, marital status, occupation, and location of the ATM and the attitude of customers on the use of ATM services.

Rajiv and Goel (2015)\textsuperscript{62} showed that convenience and personalization have a more positive significant impact on customer satisfaction, whereas the impact of responsiveness, reliability and security dimensions on customer satisfaction is not significant.

Sefer et al., (2015)\(^6\) concluded that the general expectations of common ATM users are higher than the perceived service. The expectations on reliability, eagerness and sensitivity are higher than their perception among the users.

Tajul (2015)\(^6\) identified that the ATM cardholders are satisfied with the PIN of ATM card, cash withdrawal accuracy, quality of currency notes, measures of ATM guard, speed of the delivery of ATM cards, maximum limit of cash withdrawals and sufficient cash in ATM.

Varalakshmi (2015)\(^6\) mentioned the significant role of easy to use, time saving, 24 hours service, off-shore ATM, cash withdrawal, statement request, transfer of funds, PIN change, safety-security and enquiry which have a significant impact on the customer satisfaction on the ATM services offered by SBI and ICICI.

Amar et al., (2016)\(^6\) mentioned that the usage of ATM is increasing at a faster rate. The customers are satisfied on the affordable ATM changes, ATM operation reliability, and security of the transaction in ATM. All these factors have a significant positive impact on customer satisfaction on ATM services.


Chi and Phong (2016)\textsuperscript{67} found that two service quality factors that have impacts on ATM service quality of the bank, which are assurance and tangibles, in which assurance has the strongest effect on customer satisfaction.

Frank (2016)\textsuperscript{68} showed that intermittent network failure, problem of usage and fear of being duped lead to underutilization of ATM usage. Withdrawals and phone recharge were identified as the principal services of ATMs.

Rameshkumar (2016)\textsuperscript{69} identified the most important usage of ATM among the users to be cash withdrawal, fund transfer and payment of credit card bill. The frequency of usage of ATM is noticed as higher among the employees and professionals whereas the dominant frequency of usage among them are 4 to 8 times per month.

2.3 RESEARCH GAP

Even though there are so many studies related to the ATM services, service quality in ATM and online banking services, there is no separate study related to customers’ attitude on ATM services offered by the State Bank of India in Kanyakumari district. Hence the present study has made an attempt to fill up the research gap with the help of the following proposed research model.


2.4 PROPOSED RESEARCH MODEL

The proposed research model of the study is presented below:

Fig. 2.1: Proposed Research Model

Factors leading to use ATM services

Profile of the respondents

Rate of Usage of ATM services

Customers view on service attributes in ATMs

Service quality and its gap in ATMs

Problems in the usage of ATMs

Customers satisfaction on ATMs

The above proposed research model helps to fill up the research gap of the previous studies. Based on the proposed model the present research work has been carried out.

2.5 CONCLUSION

This chapter shows the previous studies from various journals, articles, conference proceedings and so on. It helps the researcher to identify the customer attitude towards ATM services and the perception on ATMS. The previous literature review also gives an insight on the ATM Services and the factors leading to the usage of ATM Services and its customers satisfaction and the problems faced in using the ATM Service. This enable the researcher to design the proposed research model for the study.