
“E-BANKING SERVICES IN INDIA WITH SPECIAL REFERENCE TO ATM SERVICES”

Dr Uma Narang, Assistant Professor, Dept. of Commerce, PGGC-46, Chandigarh

Abstract

Banks, now-a-days, have networking systems for their e-banking services like ATMs. Although various e- channels provided by e-banking for using banking services like ATMs, credit cards, debit cards, internet banking, mobile banking, electronic fund transfer (EFT), electronic clearing system etc. are also available, but ATM is the most acknowledged e-channels as per the Indian banking scenario. A network connected ATMs of various banks had resulted in the improvement of customer services. The present study has made an attempt to find out the perception of customers regarding various issues related to ATM/Debit cards. The study concludes that ATM is very convenient mode of electronic banking. To achieve the objectives, 80 respondents who are using ATM services have been selected and the collected data was analyzed..

Key Words: Awareness Level, E- banking, ATM Services, Customers Perception, Technology

In a highly globalised, liberalised, privatised, and competitive environment, banking has undergone a major change due to adoption of e - banking. In order to survive in this environment banks have to use IT. Indian banking industry has witnessed a tremendous development due to sweeping changes that are taking place in the information technology. E-banking is one of the latest channels of distribution to be used in the financial services organisations. Electronic based business models are replacing conventional banking system. Although various alternative e -channels are in use, but the focus of this paper is on the ATM services. ATM is a cash rendering 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 customer.

EVOLUTION

E-banking is a generic term making use of electronic channels through telephone, mobile phones, internet etc. for delivery of banking services and products. E-banking came into being in UK and USA in 1920s. It became prominently popular during 1960s through electronic funds transfers and credit cards. The concept of web-based banking came into existence in Europe and USA in the beginning of 1980s. It has been estimated that around 40 percent of banking transaction would be done through Net.

The history of ATM can be traced back to the 1960s, when the first ATM machine was invented by John Shepherd-Barron he was managing director of De La Rue Instruments. That machine used by Barclays Bank (Barclays Bank in Enfield Town in North London, United Kingdom) in 27 June 1967 (Wikipedia E-encyclopedia). However, the first bank to introduce the ATM concept in India

was the Hong Kong and Shanghai Banking Corporation (HSBC) in the year 1987 followed by Bank of India in 1988. According to R.B.I. annual report (2008-09) almost commercial banks are providing ATM facilities to its customers and to date 27,277 ATMs installed by public sector banks and 15320 ATMs installed by private sector banks in India.

E-BANKING IN INDIA

In India e-banking is of fairly recent origin. The traditional model for banking has been through branch banking. Only in the early 1990s there has been start of non-branch banking services. The good old manual systems on which Indian Banking depended upon for centuries seem to have no place today. The credit of launching internet banking in India goes to ICICI Bank. Citibank and HDFC Bank followed with internet banking services in 1999.

At the end of October 2007, the number of ATMs deployed in India was 31,078. According to some estimates the total cash movement through ATMs across India was around Rs. 70,000 crore. As of October 2012 the total number of ATMs was 1,04,500. Public sector banks and the State Bank group with about 61,500 ATMs accounted for 59 per cent of the ATMs. The private sector and foreign banks put together have about 41,800 ATMs accounting for 40 percent of the ATMs and the balance 1 per cent represents about 1,150 ATMs that have been deployed by co-operative banks/RRBs.

Several initiatives have also been taken by the Government of India as well as the Reserve Bank to facilitate the development of e-banking in India. The Government of India enacted the IT Act, 2000 with effect from October 17, 2000 which provided legal recognition to electronic transactions and other means of electronic commerce. The Reserve Bank is monitoring and reviewing the legal and other requirements of e-banking on a continuous basis to ensure that e-banking would develop on sound lines and e-banking related challenges would not pose a threat to financial stability. A high level Committee under chairmanship of Dr. K.C. Chakrabarty and members from IIT, IIM, IDRBT, Banks and the Reserve Bank prepared the "IT Vision Document- 2011-17", for the Reserve Bank and banks which provides an indicative road map for enhanced usage of IT in the banking sector.

To cope with the pressure of growing competition, Indian commercial banks have adopted several initiatives and e-banking is one of them. The competition has been especially tough for the public sector banks, as the newly established private sector and foreign banks are leaders in the adoption of e-banking. Indian banks offer to their customers following e-banking products and services:

- Automated Teller Machines (ATMs)
- Internet Banking
- Mobile Banking
- Phone Banking
- Tele banking
- Electronic Clearing Services Cards

- Smart Cards
- Door Step Banking
- Electronic Fund Transfer

The three broad facilities that e-banking offers are:

- Convenience- Complete your banking at your convenience in the comfort of your home.
- No more Qs- There are no queues at an online bank.
- 24x7 service- Bank online services is provided 24 hours a day, 7 days a week and 52 weeks a year.

LITERATURE REVIEW

Jham et al (2008), found that private banks have been able to attract the younger customers with higher educational levels, who are comfortable with multi-channel banking, the customers of the national bank are older and more satisfied with the traditional facilities.

Kumbhar (2011), observed that other than cost effectiveness of ATM service, perception about all service quality dimensions is approximately same in public and private sector banks. Overall results shows that cost effectiveness of ATM service were core service quality dimension and it were significantly affecting on overall customer satisfaction in ATM service provided by commercial banks.

Pandian et al (2012), said that in this modern world where money plays an important role for survival. ATM helps the people to take money whenever needed by them and also during emergency conditions. Agnihotri (2001), reveals that“ IT way of getting cash” explained the working of ATM, ATM penetration per million persons in Asian countries and the system of security –how it works and also the frauds of ATM.

Singh and Saxena (2011) conducted a study on customer satisfaction regarding the use of ATMs and revealed that the ICICI Bank, being the largest private sector bank, must make its customers satisfied to sustain in this world of competition. They considered that the management of ICICI Bank should seriously consider the recommendations made by their customers regarding ATMs and take all necessary steps to follow the same.

Thornton and White have also found out that the use of ATM increases as respondents are more convenience oriented, change oriented, computer oriented, knowledgeable about how to access their money, and confident in using electronic devices. Moreover, a study by Gerrard et al. [47] state that customers do not use Internet banking due to risk associated with the service.

Khan (2010) concluded that the key dimensions of automated banking service quality include reliability, ease of use, privacy, convenience and responsiveness. He concludes that ATM facility resulted in speed of transactions and saved time for customers.

Uppal R.K. (2008) concluded that among all e-channels, ATM is the most economic and effective while mobile banking does not hold a strong position in public. The study also suggested some strategies to improve ATMs and m-banking services. Kaul (2007) in his article explained the importance and benefits of ATM, the players in the Indian market and presented various information concerning the growth of ATM.

OBJECTIVES OF THE STUDY

To understand the growth of ATM services and its awareness level.

To study the level of customer perception towards the Use of ATM Services.

Data Collection

A questionnaire was distributed to the customers of State Bank of India in Haryana. The secondary information used for this include various published and non-published works including books, periodicals, magazines, government reports, journals and websites, etc.

Sampling Method

Simple Random sampling method is followed. 80 customers are selected from State Bank of Patiala for simple random sampling method from Haryana. The data collected was analyzed through percentages.

Analysis and Interpretation

Table-1: Growth in automated teller machines (ATMs)

Bank Group	Rural	Semi-Urban	Urban	Metropolitan
Total				
Public Sector Banks 69652	8552	18445	22518	20137
Old Private Sector Banks 7566	768	2760	2354	1684
New Private Sector Banks 35535	2214	6484	10995	15842
Foreign Banks 1261	30	21	244	966
Total 114014	11564	27710	36111	38629

But with time, changes have taken place and this number has increased. The banks increased their penetration with the total number of ATMs reaching 0.18 million in 2015. However, there was a decline in growth of ATMs of both PSBs as well as PVBs. PSBs recorded a growth of 16.7 per cent during 2014-15 maintaining a share of around 70 per cent in total number of ATMs. In recent years, the shares of ATMs in rural and semi-urban area have been rising, though urban and metropolitan centres still dominate. In 2015, about 44 per cent of the ATMs were located in rural and semi-urban centres. The share of off-site ATMs in total ATMs increased to 50.9 per cent as at end-March 2015 from 47.9 per cent in the previous year. The increase in share of off-site ATMs of public sector banks played a major role, which increased to 45.7 per cent in 2015 from 40.3 per cent in 2014. The share of private sector and foreign banks was already more than 60 per cent.

Table-2: Demographics of Respondents

Demographic Variables	Categories	No. of Respondents (%)
Gender	Male	46 (57.5%)
	Female	34 (42.5%)
Age (in years)	15-30	37 (46.25%)
	30-45	24 (30%)
	Above 45	9 (11.25%)
Income Classification	Less than 30000	26 (32.5%)
	30000-60000	40 (50%)
	Above 60000	14 (17.5%)
Education Level	Graduate	18 (22.5%)
	Post Graduate	29 (36.25%)
	Professionals	23 (28.75%)
Occupational Category	Students	19 (23.75%)
	Service persons	31 (38.75%)
	Businessmen	30 (37.5%)

Majority (57.5per cent) respondents are male &(36.25 per cent) of customers are post graduate. Most of the ATMcustomers belong to the age group of 15 to 30 (46.25per cent).Percentage of service persons is maximum 31 per centand 40 respondents are having monthly income Rs. Rs. 30000-60000.

AWARENESS LEVEL

With regard to the awareness level, about 60% males are aware of these services, 22% females know about the ATM services. A few of the respondents are partly aware and some of the respondents are fully aware but have unsecure feeling about it. Table given below depicts a clear portrait of the reasons for using ATM/Debit card.

Table-3: Perception of Respondents towards the Use of ATM Services

Sr. No.	ATM Services	No. of Respondents
1.	Convenient while traveling	13
2.	Reduces cash requirement	23
3.	User friendly ATMs	10
4.	No extra cost	2
5.	Anytime and anywhere cash withdrawal	24
6.	Immediate access of cash	8

It is also apparent from the table that the reason 'anytime and anywhere withdrawal' is found very important for the respondents, followed by 'Reduces cash requirement', 'Convenient while travelling', and 'user friendly'. Then 'Immediate access of cash' and 'no extra cost' are the last rank holders in the table as reflected. Hence it is observed that these issues are also taken in consideration while purchase of ATM/Debit cards.

CONCLUSION

It is clearly found out that ATM is a very convenient and has any time anywhere usage and these services are well received and utilised by the State Bank of Patiala in Haryana. Majority of the respondents had used ATM services regularly. As the services of ATM and number of ATM is increasing day-by-day, and simultaneously, the number of ATM users is also increasing, so it is important on the part of bank, to know more about what the ATM users are thinking about its various features, what are their problem areas, how do they compare the ATM service of this bank with that of any other bank etc. Information collected may be very useful to the bank officials for developing their future plans and policies.

REFERENCES

1. Jannatul Mawa Nupur, (Sep 2010), "E-Banking and Customers' Satisfaction in Bangladesh: An Analysis" International Review of Business Research Papers Volume 6. Number 4. Pp. 145-156.
2. Kamala J.S. (2008), "Customer Satisfaction towards ATM Services- a Study of Bank Customers in Navi- Mumbai", International Journal of Physical and Social Sciences, Vol.2 No. 2 (July)
3. Khan (2010), "An Empirical Study of Automated Teller Machine Service Quality and Customer Satisfaction in Pakistani Banks", European Journal of Social Sciences Volume 13, Number 3 pp333-344
4. RBI Bulletin, 2009, 2010, 2011, <http://www.rbi.org>, cited on 14.09.12.

5. Sakthivel, N. (2008). "Customer's Perception of ATM Services: A Comparative Analysis, ICFAI University Press, Journal of Professional Banker, Pp.66-74. |
6. Singh Pahwa and Saxena (2011), "Analytical Study of Customer Satisfaction at ICICI Bank with special reference to ATMs", IPEDR vol.12, IACSIT Press, Singapore.
7. Sultan Singh, Ms. Komal (2009), Impact Of ATM On Customer Satisfaction (A Comparative Study of SBI, ICICI & HDFC bank) Business Intelligence Journal - August, Vol. 2 No. 2
8. Sundaram N. and Premalatha J. Ramola (Feb 2012), "Analysis of Customer Satisfaction with reference to ATM Services in Vellore District, Tamil Nadu", IJEMR, Vol 2. Issue 2 - Online – ISSN2249 2585 - Print - ISSN 2249 – 8672
9. Thornton, J. and White, L. (2001), "Customer orientations and usage of financial distribution channels", Journal of Services Marketing, 15(3), 168-85.
10. Uppal R.K. (Feb 2008), "Customer Perception of E- Banking Services of Indian Banks: SomeSurvey Evidence" The ICFAI Journal of Bank Management, Vol. VII, No. 1 pp. 63-78.
11. Vimi Jham & Kaleem Mohd Khan (2008), Customer Satisfaction in the Indian Banking Sector – Study, IIMB Management Review, Volume 20, Number 1 March.