Automated Teller Machine usage and Customers' Satisfaction in Nigeria By Odusina, Ayokunle Olumide

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Abstract

This paper endeavors to investigate ATM Usage and Customers? Satisfaction in Nigeria. It was discovered that despite the increasing number of ATM installations in Nigeria. Customers? needs are not satisfactorily met as customers are always seen on queue in large numbers at various ATM designated centers as well as poor service delivery of some of these machine. The research engages comparative analysis of three banks in Ogun State, Metropolis of Nigeria viz-a-viz First Bank, Guaranty Trust Bank and Skye Bank. However, questionnaires were distributed to the respondents. A total of 200 respondents answered the questionnaire cutting across the three banks, the chi-square statistical tool was used to analyze the data and the results showed a positive and significant relationship between ATM Usage and Customers? Satisfaction.

Index terms— ATM, bank, customers? satisfaction, nigeria.

1 Introduction

utomated Teller Machine (ATM) is a product of technological development developed to enhance quick service delivery as well as diversified financial services such as cash deposits, withdrawals, funds transfer, transactions such as payment for utilities credit card bills, cheque book requests and other financial enquiries. All financial institutions are using this method/system, aggressively encouraging all their customers to take advantage of these services on the grounds of ease process but an unannounced financial generation to the bank.

Automated Teller Machine (ATM) is the first well known machines to provide electronic access to customers. With the advent of ATM, banks are able to serve customers outside the banking hall. ATM is designed to perform the most important function of banks such as withdrawal of cash, deposits, printing of mini statements settlements of bills. It does all through an access to personal identification number (PIN), and a plastic that contains magnetic chip which the customer is identified through.

In the years back, banking operation and or transaction was an ease process of walk-in to deposit or withdraw with less congestion or time consuming process via pass-book or cheque book. In recent time, the complexity of human demand and or business transaction informed the influx of customers in and out of banking halls, which in one hand requires either the need for additional hands or stretching the services of the available staff on the other hand. In another perspective, this in and out banking operation with polythene bags of money created attraction for hoodlums and thus exposed the customers to robbery. To reduce the congestion within banking halls, and in a bit to reduce the volume of carrying cash, banks came up with electronic business transaction. Today, banking has developed into an era of menu-driven ultra robust specialized software programmes called banking applications. These applications can carry out virtually all banking functions relying strongly on information collection, storage, transfer, and processing. (Ovia 2006) The consolidation and bail out exercise in the Nigerian banking industry drew the attention of many banks to application of various technological devices in promoting/ achieving better customer service delivery that guaranteed customer satisfaction and translates into increase profitability and higher return on Investment.

Globalization, left bank with no option other than to adopt convenience of transaction to enhance customers' satisfaction if they really want to stay in business and also be profitable. Electronic Banking system is a brain child of ICT that made it possible for service providers and their customers in developing economies to enjoy a good semblance of the services enjoyed in the developed countries. It afforded banks the opportunities to satisfy customers which will encourage their consistence and continuous patronage.

The ATM card can also be regarded as Plastic Money; it is not only safe but convenient. The ease of settlement of bills has made it acceptable and important throughout the country. Virtually all banks in Nigeria have introduced ATM because they want to remain relevant in the sector.

ATM was conventionally introduced as a means of satisfying customers in 1989. It was installed by the defunct Societe Generale Bank of Nigeria (SGBN) in the same year. Since its introduction, many Nigerian banks have installed ATM in response to the changing nature of modern banking operation.

Mohammed (2010) in his study opined that ATM deployments and its use by customers is just gaining ground and it has also been characterized with some disadvantages such as fraud perpetration, network failure in time of dire need of money, ignorance in terms of services provided by ATM and large queue on ATM in the designated places. The recent removal of service charge pose another challenge, causing more patronage. With nearly 12,000 Automated Teller Machines, 131,000 point of sales machines, several internet payment portals and 25 million bank cards in circulation, the number of people with bank accounts grew from 18.3 million in 2008 to 28.6 million in 2012.

It is against this backdrop that this paper tends to investigate Automated Teller Machine usage and Customers' Satisfaction in Ogun Metropolis of Nigeria with a particular reference to three (3) selected commercial banks. The motivation for this study stems from the fact that only limited empirical studies in this area have so far been carried out in most emerging countries, particularly in Africa. Conducting research of this nature using the Nigerian environment will reduce the knowledge gap to the barest level.

The paper is organized as follows: Section 1 introduces the topic, sections 2 deals with literature review, 3 with methodology while 4 and 5 deals with result and conclusion respectively.

2 II.

3 Literature Review

Limited studies were available in the area of ATM, both in the developed and developing nations. The researchers look at some of the recent ones on the relationship between Automated Teller Machine and Customers' Satisfaction. Singh (2009) described ATM as 'Avoid Travelling with Money' or 'Any Time Money' but certainly it implies both. He asserts that Slim ATM cards are fast replacing compounding withdrawal form as a convenient way of getting your money from banks. A smart person no longer needs to carry a wallet-full of paper money on his person. All he needs to do is fish-out an ATM card inserts it in the slot, punch in a few details and go home with hard cash.

According to Asabere et al (2012), It is believed by some people that Luther George Simjian was the inventor of ATM because his idea came first. Some also believed it was Dan Wetzel because he's got patents on display in the Museum of American History to prove it. Still others, including the Queen of England believe the inventor of ATM is John Shepherd-Barron. John D. White contacted ATMmachine.com and sent copies of patents and gave convincing evidence that he is the ATM inventor. James Goodfellow of Scotland also contacted ATMmachine.com and gave his account, including copies of patents. Jairus Larson contacted ATM machine.com and, although he did not invent the ATM, he did develop the first 'online' ATM. Since the patent on an ATM was never applied for until years Mr. Simjian, confusion on the inventor still exists.

The Central Bank of Nigeria (2007) maintained that ATM is the most patronized form of technology by Nigerian Banks and customers are even attaching the quality of banks services with online real time thereby meticulous on choosing the bank to patronize. The reason for the choice is mainly due to the fact that customers are seen to always be on queue in large number on these selected banks in Ogun State.

However, the recent withdrawal of ATM service charge (N100) per transaction when one inter-change ATM and card and its implementation on 1st of March 2013 is a welcome development and this cause customers to be more satisfied with ATM. Singh (2009), studied the 'Impact of ATM on Customers' Satisfaction' comparatively studying three banks in India conducted his research using 360 respondents from the three banks, he used the F-ratio statistics to test the difference in the customers satisfaction of the three banks. He concluded that Material satisfaction level is the highest in State Bank of India, followed by ICICI and then to HDFC bank Alabar, (2012), conducted research on 'Electronic Banking Services and Customers Satisfaction in the Nigerian Banking Industry. He sampled 400 respondents of some selected banks (FBN, UBA, Access, Diamond, GTB and Ecobank) across the six geopolitical zones of Nigeria, Abuja inclusive. He found out that Electronic Banking Services has significant influence on customers' satisfaction after testing his hypothesis using regression analysis.

Ogunniyi, Onuaoha and Izogo (2012), studied the 'Analysis of the Negative Effects of the ATM as a channel for delivering banking services in Nigeria'. The authors sampled 600 respondents from Anambra and Lagos states in Nigeria. The reason according to the authors was because the two states constitute different people from different parts of Nigeria. Chi-square was used to test the hypothesis, and result showed that ATM should not be installed indiscriminately everywhere and that ATM has increased the rate of crime in Nigeria.

Muhammed (2010), empirically studied ATM Service Quality and Customer Satisfaction in Pakistani Banks using data from 500 customers of multinational and national banks. He used regression analysis to test his six hypotheses. The most captivating hypothesis in his study was the sixth hypothesis, he found that 'ATM Service Quality has positive and significant relationship with customer satisfaction'.

Moutinho and Brownlie (1989) recommended that some consumers have positive attitudes towards ATMs based on dominant perceptions of convenience, accessibility and ease of use.

On the other hand, Reichheld and Sasser (1990) have recognized the benefits the customer satisfaction delivers to a bank. For instance, the longer a customer stays with a bank the more utility the customer generates. This is a result of a number of factors relating to the time the customer spends with a bank. Without usage of technology the banking sector cannot provide customers with a satisfactory service **??**Patricio et **??**003) customers will use different service delivery systems depending on their assessment of each channel and how it contributes to the overall service offering. Hence service satisfaction will not merely be based on isolated service encounters and experiences but rather on the overall feelings of satisfaction. With automated teller machines networks already in place in most of the urban areas, the drive is now focused towards the rural areas where the use of automated teller machines is still uncommon. Musiime and Biyaki (2010).

4 III.

5 Methodology

The rationale for picking these three banks was their level of ATM business compared to other banks ATM that customers rarely patronize. Is it because customers are too satisfied with the performance of these banks ATM or what? The researchers want to know from this study. A total of 200 users of these banks ATM were carefully selected for sample. They constitute Lecturers, Students, Business Men and Women, Artisans, Politicians, and Civil/government Workers. Questionnaire was used to collect data, the respondents filled and returned the questionnaire immediately. Those not willing to return immediately were asked not to bother, because to retrieve it may be difficult.. The table shows that for the two items, SA and A when combined has the higher percentages 81.0% and 74.0% respectively. It follows that majority of the respondents are of the opinion that ATM has increased the ability to hold cash for transactionary precautionary and speculative motive. Also, the introduction of ATM has reduced the number of customers transacting business inside the banking hall. The table shows that for the three items on the problems facing the use of ATM, the percentages range between 50.0% and 70.0%. It follows that the use of ATM caused more spending than before the introd-uction of ATM, the introduction of ATM has increased the rate of crime in the state and the illiterates using the ATM have increased the rate of fraud. From the table, the item has higher percentage for SA and A when combined that is 73.0%. It follows that customers need to be sensitised on the advantages of ATM. The table shows the chi-square value 397.6 which is significant at 0.05, (P < 0.05). This indicates that customers are significantly satisfied with the usage of ATM.

6 IV.

7 Data Presentation, Analysis and ynterpretation

V.

8 Conclusion and Recommendations

This study investigates automated teller machine usage and customers' satisfaction in Ogun State, Nigeria. The result of the study indicates a strong and positive relationship between ATM usage and customers' satisfaction. The result is consistent with other related empirical studies.

Result further showed that ATM increases the ability to hold cash for transactionary, precautionary and speculative motive. ATM also reduces the volume of customers transacting business in the banking hall. On the other hand, this study reveals that ATM caused lavish spending, increased crime rate and the illiterates sing ATM paved way for fraud on ATM.

By and large, the study ATM and customers' satisfaction despite its shortcomings makes life easier for customers viz-a-viz cost reduction, time saving, easy access to cash even at odd time (mid-night for emergency), error on ATM has equally reduced.

The introduction of ATM has caused a reduction in the number of customer transacting business inside the banking hall, thereby leaving the banking hall for those customers transacting other than depositing and withdrawing 9

The illiterates using the ATM has increased the rate of ATM fraud 10 The removal of ATM service charge has also increased the patronage of ATM 11 Customers Satisfaction is important and vital for a successful ATM operation, although that satisfaction is in question? 12 ATM usage in my bank branch has led to timely and effective withdrawal of cash but sometimes customers are disappointed due to network failure 13 The period at which a customer can hold an ATM card before it expires is a good security measure which should be guarded jealously to keep the ownership of such accounts, so that the bank can always update the Know Your Customer

162 (KYC) data 14 ATM allows for some transactions such as recharging of phones, payment for subscription on
163 Dstv etc, and this has reduce the stress of going through that rigor in the respective places 15 There are too
164 many challenges or failures attached to the usage of ATM, thereby causing customers to dislike the use of ATM
165 16 ATM provided by my bank is not a 24 hour service own, and this has reduce my interest in using ATM 17
166 My bank ATM allows deposit into accounts, but because of my ignorance on how to use it, I don't bother myself
167 18 Nigeria is not ripe for ATM service, because in my bank, the bank official's lackadaisical attitude towards
168 correcting errors in ATM has reduced its patronage 19 The continuous advertisement that I should not reveal my
169 personal identity number to anybody is a good security measure which must be encouraged 20 There is still need
170 for sensitization of the public or customers on the advantages of using ATM, because many customers abandoned
their ATM card in the card. [1]

2003).
Year 2014
( ) C

Figure 1:

1

Items	SA	%	A	%	U	%	DA	%	SDA	%
ITEM5	63	31.5	99	49.5	12	6.0	22	11.0	4	2.0
ITEM8	80	40.0	68	34.0	17	8.5	28	14.0	7	3.5

Figure 2: Table 1 :

2

Items	SA	%	A	%	U	%	DA	%	SDA	%
ITEM6	76	38.0	64	32.0	15	7.5	37	18.5	8	4.0
ITEM7	49	24.5	63	31.5	24	12.0	40	20.0	24	12.0
ITEM9	47	23.5	53	26.5	16	8.0	69	34.5	15	7.5

Figure 3: Table 2 :

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3

Items	SA	%	A	%	U	%	DA	%	SDA	%
ITEM20	77	38.5	69	34.5	22	11.0	20	10.0	12	6.0

Figure 4: Table 3 :

4

ITEMS		RESPONSES						
		SA	A	U	DA	SDA	TOTAL	X2 Sig
B10	Count	54	101	15	21	9	200	
Expected		53.1	70.8	30.1	28.1	17.9	200.0	
B11	Count	45	89	39	16	11	200	
Expected		53.1	70.8	30.1	28.1	17.9	200.0	
B12	Count	86	67	21	17	9	200	
Expected		53.1	70.8	30.1	28.1	17.9	200.0	
B13	Count	66	83	32	11	8		

Figure 5: Table 4 :

5

8   CONCLUSION AND RECOMMENDATIONS

172   The ATM can be said to have increased the ability to hold cash for transactionary, precautionary and
173 speculative motive 6
174   The use of ATM cause more spending than before the introduction of ATM 7
175   The introduction of ATM has increased the rate of crime in the state 18-28 29-38 39-48 49-58 59-Above

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