

# Assessment of Customer Satisfaction on Automated Teller Machine in Adigrat, Ethiopia

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## ABSTRACT

Now a day banks try to create a diversified distribution strategy in order to market the range of their services. To meet better market requirements in terms of speed and efficiency of services, banks have adopted an interactive electronic and computerized system for their clients. Automated Teller Machines one of global acceptable electronic teller machine. The objective of this study was to asses customer satisfaction on Automated Teller Machines in commercial bank of Ethiopia Adigrat branch through descriptive research method. The primary data was collected through questionnaire and semi structured interview. Also the secondary data was collected from organizational manuals and internet. The data was summaries and analyzed in table form.

This study shows that demographic characteristics of respondents 57.5%,52.5% 47.5%,62.5 % we re males,26-30years age, degree and above and single, respectively. Also this study show that profession of the respondents was governmental employees (72.5%) with monthly income 2001-3000(30%) for 1-5 years ATM uses (42.5%) was the majority of ATM users. Factor that promotes the respondent to use ATM the majority was reduce time transaction (62.5%)but the least factor to promote ATM to uses were cost effectiveness's(10%).When we saw Frequently to use the ATM services per month of respondent the 4-8x/month(37.5%)whereas, over 12x/month was teen percents. Contribution of ATM to the success of banks respondent opinion was very high (62.5%). Result indicates that the majority of respondent agreed that ATMs are promptness to card delivery (60%) and number transaction (52.5%), quality of notes (57.5%) and conveniently located (50%) were extremely satisfied. Results show that the majority have ever complained about ATM. Most of the complaints were about doesn't have less than 50 notes (62.5%), security (42.5%), reduction in balance without cash payment (17.5%) and Cards get blocked of ATMs(12.5%). This study found that Promptness of card delivery, number transaction, quality of note and conveniently located were extremely satisfied the customer. The study also indicates lack of privacy in executing the transaction, reduction in balance without cash payment; Cards get blocked of ATMs and fear of safety was the major cause of concern for the customers. Constituency public awareness about used ATM uses to minimize ATM card broken and adopt CBE bank to used less than 50 birr notes was recommend.

**Keywords**: ATM, customer satisfaction, complaints, Adigrat, Ethiopia

## 1. INTRODUCTION

### 1.1. Background of study

The distribution of banking services can be understood as the place and means by which the bank services are offered to customers. In general, banks try to create a diversified distribution

strategy in order to market the range of their services, offering customers several ways through which they can benefit from the bank services. The two main factors that led to the use of multiple distribution channels by banks; first major changes in the banking sector by growing competition, increasing pressure from competitors and secondly, changing customers' preferences. As a result, the banks then resorted to compete over price, and now the emphasis is on differentiation by distribution channels used (Mobarek, 2007)

Zhu, Scheuermann and Babineauz (2004) postulate that distribution channels used by banks can be divided into two main groups: in the first category are included those channels which typically involve "personal contact with the consumer" – territorial units, and in the second category are included those "channels which may either interact directly with the consumer, by non-personal means, or operate through various intermediaries to traditional distribution methods (network of territorial units). To meet better market requirements in terms of speed and efficiency of services, banks have adopted an interactive electronic and computerized system for clients: banking services via network of Automated Teller Machines (ATMs). According to Komal (2009) the study establishes that ATM services enhance operations and customer satisfaction in terms of flexibility of time, add value in terms of speedy handling of voluminous transactions which traditional services were unable to handle efficiently and expediently. The machine can enable customers to deposit and withdraw cash at more convenient time and places than during banking hours at branch (Muhammad, 2010).

## 1.2. Statement of the problems

When it was first introduced, the ATM was meant to reduce the unnecessary traffic in the banking hall, make customers have a quick access to their money and make life convenient to a certain level. However, according to Ayo *et al.*, (2010) the situation today has changed drastically; it has become a source of worry to users and providers (banks), because the function it was meant to provide has been seriously eroded. It has become a money spinner for fraudsters, who have found new heaven in compromising innocent people's personal identification numbers (pin). ATM behavior can change during what is called "stand-in" time, where the bank dispensing the cash is unable to access databases that contain account information (possibly for database maintenance), that is, when there is network problem. ATMs at times can also deduct money from the account without actually dispensing money; these, among others, are the bane of these money dispensing machines. With all the problems and incompetence of this money dispensing machine in Ethiopia; we can say it has recorded some success. 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 expensive and the insecurity regarding standalone ATMs. All these create customer dissatisfaction.

### 1.3. Objectives

#### 1.3.1 General objective

- To assess consumer satisfaction on ATM in commercial bank of Ethiopia Adigrat branch

#### 1.3.2 Specific objective

- To determine the degree of satisfaction amongst respondents who operate the service of ATM.
- To determine the factor affecting ATM services
- To analyze the problem faced while using ATM card

### 1.4. Significance of study

The research paper has the following significances

- ✓ It was assess the managerial system of commercial bank of Ethiopia Adigrat branch in the decision making on how to satisfy the customer using ATM and to attract other use it.
- ✓ To acquire the skill related with field work and have experiences on research
- ✓ To other banks sit can help as a benchmark
- ✓ It was helpful for customers to get a good and fast ATM services

### 1.5. Scope of the study

The study was focused on automated teller machine and user satisfaction in commercial bank of Ethiopia, Adigrat branch. Satisfaction was defined strictly in term of pleasure derived by users in relation to ATM services. The study covers the major factors affecting customers' satisfaction in Adigrat such as ease of use, availability of money in the booth, transaction cost and service security.

### 1.7. Methodology

#### 1.7.1 .Study area

The study was conducted in Adigrat Town, Commercial bank of Ethiopia Adigrat branch. These branch are intentionally selected based on their have huge numbers customers of the branch.

#### 1.7.2. Research design

In order to assess customer satisfaction on ATM the researcher used descriptive research method. Descriptive research was a type of research that describes characteristics of objects, peoples, group, organization or environment and tries to paint a picture of a given situation.

#### 1.7.3. Data sources

In these research data source of primary and secondary data was used to conduct the study. Primary data sources were collected by questionnaires and personal observation whereas; secondary data was collected from CBE Adigrat branch manuals about number of ATM customers.

#### 1.7.4. Study population and sample

The research were on customers of the branch that ATM users. There the total number of customers using Commercial Banks ATM card are 2500. Therefore the researcher was used Cochran's formula to determine most representative sample (Cochran, 1992).

$$n=N/(1+N(e)^2)$$

Where n= sample size for the total population

N= total population

e= margin of error (10%)

$$n=2500/(1+2500(10\%))$$

$$n=96.15 \approx 96$$

To select the sample respondent the researcher was used systematic sampling. Since the customers approach the ATM machine in different time, the researcher was identified the skipping interval and consider those customers approach the machine in that interval.

$$K = N/n$$

$$K = 2500/96$$

$$K = 26$$

Where: K=sample interval

N= population size

n= sample size

#### 1.7.5. Data collection instruments

As mentioned above the researcher was used both primary and secondary data sources. The primary data was collected through open and close ended questionnaire and semi structured interview. Also the secondary data was collected from various books, organizational manuals and internet.

#### 1.7.6. Data analysis and interpretation:

After all required data were collected and analyzed and interpreted based on their nature. The study was used descriptive data analyzed method which refers to describe summaries and present quantitative and qualitative data that used table form and percentage.

#### 1.8. Organization of the study

These studies were organized in to four chapters. They first chapter deals with introduction:- includes background of the study and organization, statement of the problem , objective of the study , significant the study, scope of the study, limitation of the study and organization of the study. The second chapter was concerned related to review of literature and the third chapter was concerned with the data that were analyzed and interpreted of the questionnaire and interview. The fourth chapter was brought to an end of this study with summary, conclusion and recommendation of the whole study.

### 3. Result and Discussion

#### 3.1.1 Gender of respondents

As the indicated above in (table1) constitutes gender of respondents they were selected for data collection. Those were categorized based on sex groups. To collect data 40 respondent were selected among these 23 were males (57.5%) and 17 were female (42.5%). In order to establish which gender of customers is the majority, respondents were asked to state their gender. From the study finding the majority of the respondents (57.5%) were male and this can be attributed to the fact that either at the time of questioning the researcher got male respondent or most time male are active participant in the economic than females and the remaining (42.5%) were female respondents.

**Table 1:** Showing gender of respondents.

Gender	Frequency	Percentages
<b>Male</b>	23	57.5%
<b>Female</b>	17	42.5%
<b>Total</b>		<b>100%</b>

#### 3.1.2 Age of respondent

The majority of respondents belong to the age group of 26 to 30 years because the study was carried out at CBE bank adigrat branch where the majority of the customers are young that power to work and to save. It can further be argued that the age group of above 40 is least represent because those are mostly very few compared to the ATM users population and awareness to technology.

**Table 2:** Showing the Age of respondent

Age	Frequency	Percentages
<b>18 - 25 years</b>	9	22.5%
<b>26 - 30 years</b>	21	52.5%
<b>31 – 40 years</b>	10	25%
<b>above 40 years</b>	0	0%
<b>Total</b>		<b>100%</b>

#### 3.1.3. Level of education of respondent

To establish level of understandability of ATMs, customers were asked to state the level of education they have attained. The result indicates that 47.5% of the respondents are at the degree level. Illiterate level is lest represented because lack of awareness and fairness to computer access system.

**Table 3: the level of education level of respondents**

Education	Frequency	Percentages
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<b>Illiterate</b>	1	2.5%
<b>Primary</b>	2	5%
<b>High school</b>	12	30%
<b>Intermediate</b>	6	15%
<b>Degree and above</b>	19	47.5%
<b>Total</b>		<b>100%</b>

### 3.1.4. Marital status of respondents

The result indicates that the majority of the respondents are single; this is because the majority of the customers at this branch are students at Adigrat University and other young person who live in Adigrat city.

**Table 4:** Marital status of respondents

Marital Status	Frequency	Percentages
<b>Married</b>	13	32.5%
<b>Un married</b>	25	62.5%
<b>widowed</b>	1	2.5%
<b>Divorced</b>	1	2.5%
<b>Total</b>		<b>100%</b>

The result indicates that the government employee is 72.5%. It might be due to government employee are their salaries sending by book account and take their money by ATM fast. Private Employee and Self Employee are least.

**Table 5:** Profession of respondents

Profession	Frequency	Percentages
<b>Government Employee</b>	29	72.5%
<b>Private Employee</b>	2	5%
<b>Business</b>	4	10%
<b>Self Employee</b>	2	5%
<b>Student</b>	3	7.5%
<b>Total</b>		<b>100%</b>

The study showed that the majority of the respondents are their monthly incomes from 2001 to 3000 Ethiopian birr (30%) are ATM users. The least ATM user is from 3000 to 4000 Ethiopian birr (12.5%).

**Table 6:** Monthly incomes of respondents

Monthly Income	Frequency	Percentages
<b>Up to 1000</b>	5	12.5%
<b>1000- 2000</b>	9	22.5%
<b>2001-3000</b>	12	30%

<b>3000-4000</b>	3	7.5%
<b>5000 and above</b>	11	27.5%
<b>Total</b>		<b>100%</b>

The study indicates most of respondent are status of ATM usage was 1-5 years. Least ATM usage was above 10 years it might lack of awareness and access.

**Table 7:** status of ATM usages

Status of ATM usage	Frequency	Percentages
<b>Less than 1 year</b>	13	32.5%
<b>1 – 5 years</b>	17	42.5%
<b>5 – 10 years</b>	7	17.5%
<b>Above 10 years</b>	3	7.5%
<b>Total</b>		<b>100%</b>

As the table below indicates major of the respondents were attract to use ATM was to reduce time transaction (62.5%). Whereas, the cost effectiveness that promote to use ATM was the least once.

**Table 8:** Factor that promotes the respondent to use ATM

Factor promotes you to use the ATM in bank	Frequency	Percentages
<b>Reduced time of transactions</b>	25	62.5%
<b>Cost effectiveness</b>	4	10%
<b>Ease of use</b>	6	15%
<b>Technology savvy</b>	5	12.5%
<b>Total</b>		<b>100%</b>

This study shows majority of the ATM user had knowledge but due to easy accesses it might use by no knowledge of computer.

**Table 9:** Familiar with computer usage of respondent

Familiar with computer usage	Frequency	Percentages
<b>No knowledge of computer</b>	11	27.5%
<b>Beginner</b>	7	17.5%
<b>Average knowledge</b>	11	27.5%
<b>Advanced computer knowledge</b>	11	27.5%
<b>Total</b>		<b>100%</b>

As study shows number of time customers use ATM in a month. The below table the majority of the respondent use their ATM cards between 4-8 time in a month this is because the respondent use ATM mostly to with draw money and they do not do this frequently. Those that use their cards more than twelve time are least represented because the majority of the customers are

students and they maintain saving account other than current accounts that are maintained by business people who do with draw regularly.

**Table 10:** Frequently to use the ATM services per month of respondent

Frequently to use the ATM services per month	Frequency	Percentages
<b>1 to 3</b>	13	32.5%
<b>4 to 8</b>	15	37.5%
<b>9 to 12</b>	8	20%
<b>over 12 times</b>	4	10%
Total		<b>100%</b>

This study indicates contribution of ATM to success of the bank that indicates potential to attract customer to that branch the opinion of respondents very high (62.5%).

**Table 11:** Contribution of ATM to the success of banks respondent opinion

Contribution of ATM to the success of banks	Frequency	Percentages
<b>Very high</b>	25	62.5%
<b>High</b>	12	30%
<b>Average</b>	3	7.5%
<b>Nil</b>	0	0
Total		<b>100%</b>

### 3.3. Customer Satisfactions on ATM usage.

#### 3.3.1 Comparison of ATM and counter service in terms of speed.

To establish the effectiveness of ATMS respondents were asked to compare ATMS and counter service in term of speed. Result indicates that the majority of respondent agreed that ATMs are faster and number transaction, quality of notes and conveniently located were extremely satisfied. This is because the technology used by ATMs is faster and it quickly updates an account of the customer once the transaction is made. Also the Language and information content were satisfied the customer.

**Table 12:** ATMs are after compared to counter services

A. ATM Services	Extremely Satisfied	Satisfied	Neutral	Dissatisfied
<b>1.</b> Promptness of card delivery	24(60%)	12(30%)	3(7.5%)	1(2.5%)
<b>2.</b> Number of Transactions	21(52.5%)	19(47.5%)	0	0
<b>3.</b> The quality of notes (currency)	23(57.5%)	16(40%)	1(2.5%)	0
<b>4.</b> Conveniently located	20(50%)	18(45%)	1(2.5%)	1(2.5%)
<b>5.</b> Language and information content	18(45%)	20(50%)	1(2.5%)	1(2.5%)



### 3.3.2. Complaints about ATMS

To find out if customers have had any problems with ATMs, respondent were asked to show if they have ever complained to CBE Adigrat branch about ATMs. Results show that the majority have ever complained about ATM. Most of the complaints were about doesn't have less than 50notes 25(62.5%), security17(42.5%), reduction in balance without cash payment7(17.5%) and Cards get blocked of ATMs5(12.5%). ATM card expiring and ATM card being frozen

**Table 13:** Complaints about ATMS

B.ATM Problems	Often	Rarely	Never
<b>1.Cards get blocked</b>	5(12.5%)	25(62.5%)	10(25%)
<b>2. Machine out of cash</b>	4(10%)	22(55%)	14(35%)
<b>3.Non printing of statement</b>	4(10%)	17(42.5%)	19(47.5%)
<b>4.Machine out of order</b>	4(10%)	21(52.5%)	15(37.5%)
<b>5.long waiting time in queue</b>	3(7.5%)	20(50%)	17(42.5%)
<b>6.Reduction in balance without cash payment</b>	7(17.5%)	16(40%)	17(42.5%)
<b>7. security</b>	8(20%)	17(42.5%)	15(37.5%)
<b>8.doesn't have less than 50notes</b>	25(62.5%)	7(7.5%)	7(7.5%)

## 4. CONCLUSION AND RECOMMENDATIONS

Banks must be creating a diversified distribution strategy in order to market the range of their services. This study found that Promptness of card delivery, number transaction, quality of note sand conveniently located were extremely satisfied the customer. The study also indicates lack of privacy in executing the transaction, reduction in balance without cash payment; Cards get blocked of ATMs and fear of safety was the major cause of concern for the customers. Based on the conclusion the following recommendations are forwarded: Constituency public awareness about used ATM uses to minimize ATM card broken, Adopt CBE bank to used less than 50 birr notes, Maintained ATM machine regularly to reduce balance without cash payment and Bank Managers assure the quality of ATM for providing the best service to customer for long-term relationship.

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