

Impacts of ATM Services on the Customers Saving/Withdrawal Rate in the Commercial Bank of Ethiopia, Akaki Branch

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Abstract

Banking industry demands highly competitive and successful technologies which enhances the customers' satisfaction and makes life easy and simple. One of the modern e-banking system is Automated Teller Machine (ATM) services. This investigation was intended to assess the impacts of ATM services on the customers saving rate in the Commercial Bank of Ethiopia, Akaki Branch. Beside the major objective customers' satisfaction and prominent constraints and challenges of ATM services were assessed. To achieve the desired objectives of the study, totally 42 ATM service users were selected by using the purposive sampling techniques and filled the questionnaires and other information gathered from the branch office. The collected data were organized, analyzed and interpreted by using simple descriptive statistics and results presented by graphs and tables. Based on the respondents, the ATM service has shown negative influences on their saving rate. Out of 42 respondents 23(54.76%) were said that the saving rate decreased, 18 (42.86%) there is no difference on their saving rate and the rest 1(2.38%) said the saving rate increased after using the ATM services. The customer satisfaction on the services delivered by the ATM in the Commercial Bank of Ethiopia is moderately satisfies their needs. However, there are a lot of problems which needs immediate and long-term solutions to improve service system like network interruption, limited amount withdrawal per day, card retention and unsuitability of installation place for the peoples with disability. Hence, the CBE should address all problems in timely and properly to enhance the customers' satisfaction and confidentiality on the services delivered.

Keywords: ATM services; Banking-industry; Customers' satisfaction; Challenges

Introduction

Currently the world is highly revolutionizing the banking industry by inventing and introducing technologies which enhances and facilitates the business activities [1]. Dramatic and paradigm shift in global banking sector competition and dependency on modern technology enforces the management and executives to observe and investigate the recent or new findings to attract customers and play their vital role in the economy. The electronic-banking system is one of a new technology-based banking service or operation which delivers various services by using e-channels. These systems include ATMs, internet banking, mobile banking, POS machine, credit and debit cards, online book transfer, and others which facilitates and improves the customers satisfaction by saving time, energy, resources, and quality of services. The introduction of this e-banking system is too late in Ethiopia compared with the rest of the world due to various reasons. As the system demands high financial capacity, educated human power, well organized legal and regulatory frameworks, cyber security issues and trust of the society or customers awareness the applicability was very late and limited in the country. Another problem is the banking industry which is not open to the international banking society or liberalized to foreign investors which has great power in technology, financial capital, human resources and very competitive in the business [2-4].

In the context of Ethiopia, the widely used e-banking system at urban and educated society sector is ATMs services. Automated Teller Machine (ATM) is defined as a machine that uses to withdraw cash, transfer fund, and sell recharges without visiting to the banking hall [5-7]. It reduces the burden of holding the hard cash which makes discomfort in traveling from place to place to buy goods and services, fearing the risk of theft, and frequent visit to the client bank on the working time. This powerful and business facilitating machine has recent year history in Ethiopia banking industry. It was first introduced

by Ethiopian Commercial Bank, CBE, in 2001 for local users and it has around 1.352 million users based on 2016 data and the first bank which issued the visa card was Dashen Bank in 2005 [8]. Some services of ATMs are cash withdrawal, balance inquiry, mini-statement, fund transfer between accounts attached to single cards, PIN change and PIN unblock [9].

There are several studies which have been conducted in Ethiopia and abroad to assess the customers' satisfaction on e-banking or ATM services [7,10-12]. The study which has been conducted in Nigeria to determine the effects of ATM on the performance in Nigerian Banks by using simple survey in five commercial banks revealed that less than benefits the deployment of ATMs terminals have averagely improved the performance of Nigerian banks because of the alarming rate of ATM fraud. As his view their fraud in ATM services and the banks should struggle to increase the security layer to subvert the tricks of web scammers and the provisions of extra security layer that can prevent third party to make use someone else's ATM card for unauthorized withdrawals electronically [12].

Worku et al., has been conducted the investigations on the impacts of e-banking on the customers satisfaction in Ethiopian Banking industry as a case in Dashen and Wogagen bank in Gonder city by using questionnaire and discussion with bankers and has found most e-bank users are highly agreed on the benefits of the system and its

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Received June 25, 2018; Accepted July 09, 2018; Published July 18, 2018

Citation: Worako AW (2018) Impacts of ATM Services on the Customers Saving/Withdrawal Rate in the Commercial Bank of Ethiopia, Akaki Branch. J Account Mark 7: 286. doi: [10.4172/2168-9601.1000286](https://doi.org/10.4172/2168-9601.1000286)

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contribution to improve the customers satisfaction. It reduces the customers waiting time for services, frequency of banking hall for banking services, and enabled customers to control their account movements. Another investigator who has evaluated the perception of bankers on e-banking system find that the system supports customers to save time and minimizes inconvenience [11]. Other several researchers have observed the realistic and opportunistic sides of ATM services at the country level and the least drawbacks which impedes the development of the industry [13].

However, none of the investigators have observed the influence of ATM services on the saving rate of the users/customers in the country. Hence, this study was designed to investigate the impacts of ATM services on the customers saving rate or withdrawal rate in the Commercial Banks of Ethiopia. Beside the major intention of the study the customers satisfaction on the ATM services and the major constraints and challenges which limits ATM services were assessed and evaluated.

Research Methodology

The study was carried out at Commercial Bank of Ethiopia (CBE), Akaki Branch, since the branch is close to the working sites of researcher and the researcher was frequently visiting the bank for various services. Akaki-Kality is one of main sub-cities in Addis Ababa, capital city of Ethiopia and the hub of Africa Union. Majority of the ATM users are youngsters and educated classes of the society at branch. To attain the intended objectives of the study the samples of 42 ATM service users were selected by using purposive sampling technique. This was prepared since the total numbers of the ATM users are not known at the branch to draw the population. Data were collected from the selected customers by using structured and semi-structured questionnaire and communicating with nearly friends/boons to deepen the level of information. Personal communication was made with the branch top managers on the ATM services, customers using habits, burden share or load reduction on their regular work before ATM introduction and after ATM services on bank officers and the main challenges. The secondary data on the saving/withdrawal rate of customers before and after ATM services analysis were designed for investigation but they have no such analysis and continuous evaluation on ATM service transaction.

The collected data were organized and analyzed by using SPSS-19 tool and the results were interpreted by deploying descriptive statistics and presented by graphs and tables.

Results and Discussion

General characteristics of the respondents

Among 42 respondents who filled the questionnaire 36 (85.72%) were males and 6 (14.28%) were females. The figure reveals that the male uses more ATM services than women since the ATM card is highly suitable to hold in their wallet or pocket in compared with women. Based on the educational background all the respondents have more than bachelor's degree and they have know-how to manipulate the system for various services. Most of the ATM users in the branch are youngsters, government and non-government employees who receive their salary from the bank.

Impacts of ATM services on saving rate

Out of 42 respondents 23 (54.76%) were said that the saving rate decreased, 18 (42.86%) were said there is no difference on their saving

rate and the rest 1(2.38%) said the saving rate increased after using the ATM service (Figure 1). As indicated in most of the respondents said the saving rate decreased after they started using the ATM services for various banking services. The main reason for the decrements of saving is due to its accessibility to withdraw money at any conditions and anywhere they go which urgently requires money but not as such important aspects even. When they were using normal or conventional banking system they should go to the banking hall to withdraw cash on the fixed amount for their weekly or monthly basis. By using ATM service, they withdraw cash intermittently as the requirement not on the fixed as per month basis for "Asbeza". This may increase the amount of withdrawal from the saving account, especially for employees which gains fixed salary income.

On the other hand, around 42.86% respondents who replied the ATM services have no influence on the saving or withdrawal rate. On their view the system creates great opportunity to withdraw cash for the required purposes at a time and in amount to properly use their monthly budget or expense. And it also makes or reduced the load for them since they withdraw the required amount at their marketing and service centers rather than holding hard cashes on their pocket or bag. They said the system make their life simple and easy. On the view point of researcher, peoples or individuals with such persistent saving habits are those can control and living the strict planned lifestyle and able to manage all conditions. The more things become simple and easy can't have significant role in their lifestyle or saving/withdrawal rate. Insignificant figure indicates the increasing saving rate after using the ATM service. The research interviewed the customer who said the saving rate increased after using the ATM services, the reason for that is the amount of withdraw is less than as usual before once, withdrawing less amount once, and only the required. So, the remained money until withdraw next time it has interest rates in the bank. That interest rate has effects on the saving amount.

In general, the ATM service has significant influence on the saving rate of customers of the CBE. It has decreasing saving rate impacts on the several customers, i.e., more than half of respondents claimed that (Figure 1).

Customers' satisfaction and challenges in ATM services

Customers' satisfaction is defined as the ability of a good or service to meet or exceed the buyer needs and expectations. Based on the survey report around 11.9% of the responded that the system is highly reliable, 59.52% are said reliable, 19.05% said neutral and 9.52% are said the ATM system is not reliable. According to safety criteria to the

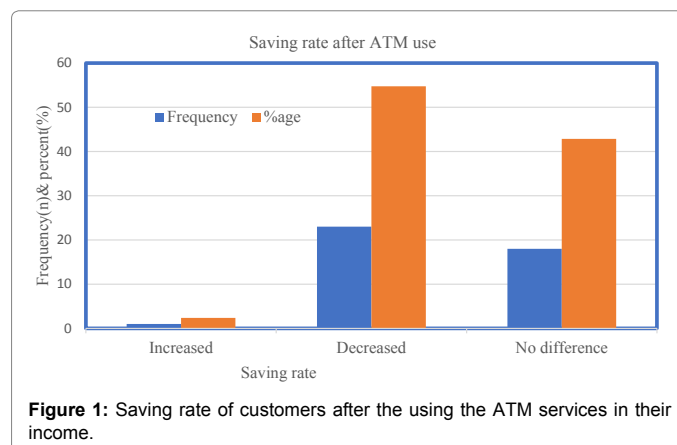


Figure 1: Saving rate of customers after the using the ATM services in their income.

system, from the total respondents 12.82% were said very safe, 61.54% of said safe, 17.95% neutral and the rest 7.69% said the system is not safe and trustful. As indicated in the respondent's response the level of reliability on the ATM services by the customers is high and there is to some extent little confusion and suspicion on the reliability which demands great inspection of the banking institutions. The banking institutions try to improve the system further to enhance the level of reliability which ensures the satisfaction scales of the customers on the new technology systems.

The survey report on the safety case of the ATM services by the customers is rated as 74.36% said the system was safe and only 7.69% responded that the system lacks trustiness. It still shows the need of further intuitive work of banking industry to fully convince and reaffirm the trustiness or safety of this e-banking system. Commercial Bank of Ethiopia should try to improve and look-up in detail the system to develop and encourage the customers on their ATM services by developing the awareness on the users and by means to modify the working system (Figure 2).

To assess the challenges in the ATM banking system in the CBE some of the questions were raised to respondents in order to know detail points which demands intensive outlooks and improvements. The question focuses on the problems which faces the customers during the ATM services and mainly focuses on network interruption, card retention, limited amount withdrawal rate and others. Among the total respondents 61.90% were said that the network interruption due to the power interruption is the main challenge which prohibits regular services, 4.76% said the card retention as a hindrance and 11.9% responded that the limited amount of cash withdrawal per a day is the main constraint in using ATM services. Other remained respondents (21.43%) said that the combination of network frequent interruption, card retention and limited amount of cash per 24 hours are the prominent challenges which face them during the ATM services in CBE. As the result indicates that the network disruption takes the lion-share in reducing the satisfaction of customers on the services offered by the banking institutes which deployed the e-banking systems. At the country level power interruption is frequent and observable in anywhere that may have great problems in the ATM services. So, the CBE and other banking organizations should prepare themselves to install the automatic generator to immediately counteract the problem and maximize the satisfaction of their customers.

For the question which aimed to assess the possible fraud which encountered the customers on the ATM services 82.05% of the respondents assured that they haven't been faced with any fraud in the system and the remained 17.95% said they face with some frauds in using

the ATM services. Even though the result indicates the level of fraudity is not high in the ATM service system, it demands great attention of the bankers/managers or concerned body to take continuous measures properly and timely to increase the confidentiality of the system and new technology-based banking industries in general.

The customers were asked on the issues which needs further focuses on the ATM services and other related banking industry which makes the business activities easy and enjoyable. Based on the collected opinions they mentioned some basic points on ATM banking as follows:

- The service period of ATM card is very short or date of expire should be long. At least it should be extended for more than five years.
- Place of renewal of the ATM card is limited only to the specific CBE branch at where we get the visa card first. It should be renewed at anywhere in place where CBE branch available and near to the customers since the whole CBE branches are networked. Most of the customers said they are moving from place to place for work and changing resident area but on the place where they have been they can't get the service due to this limitation after expiration date of the card. So, the renewal of expired card should be considered and delivered to the customers on the time and place they need.
- The spatial distribution of the ATM machines is not sufficient to accommodate the customers due to this waiting long line at ATM machine installed place is very common. This idea also reflected by the CBE Akaki branch manager as a problem which needs the top managers' decision to install more machines in different places to make the services closely available and accessible.
- The system is not suitable in some places for the peoples with disability.
- Technical problems in the ATM system are very common and regular. It should be closely followed by the technicians to maintain the normal services. In some places the machines are out of use or operation and in some circumstances, it detains the money as well as cards. Hence, that leads the customers into distrust and annoy.
- The time of replacement for the ATM card is too long.

Conclusion

Based on the survey result the ATM system has shown negative impacts on the saving rates. Among 42 respondents 23 (54.76%) are said that after using the ATM services their saving rate decreased due to its accessibility and frequent withdrawal of cash for their requirement rather than fixed withdraw of money for their monthly expense for various aspects. Around 42.86% were said they haven't observed any difference on their monthly money saving rate rather it saved our time and energy. These respondents have explicitly interested by using ATM services because they can access the required amount at anywhere like marketing, recreation and other places for the immediate need than holding the hard cashes on their pocket or bag. In general, this result reveals the ATM services has its own negative influences on the saving rate since the government or the banking industry should work closely and hard with customers to improve the saving mechanisms and device a way to enhance the customers attitude towards the saving benefits.

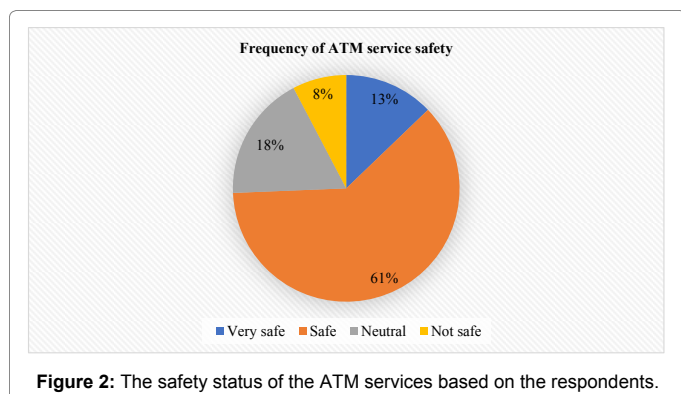


Figure 2: The safety status of the ATM services based on the respondents.

Based on the customer satisfaction determination criterion like reliability, safety and others the response indicates relatively at good satisfaction level. Out of the total respondents 71.42% said that the system was highly reliable and reliable, and only 9.52% were said not reliable but the rest 19.05% were said neutral. For safety assessment 74% said very safe and safe by using the ATM service system, 18% selected they have no compliance/neutral and the remaining 8% said they were not feel safe. Hence, the banking industry, CBE, and the government should give great emphasis to increase the confidentiality and trust on e-banking system users and developing policies which builds sound intercommunication with the customers' and banking sectors.

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