

USAGE OF ATM FOR BANKING AMONG INCOME GROUPS

A Study with reference to UT of Dadra and Nagar Haveli

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ABSTRACT

For advancing the growth and penetration of the banking sector, it is essential to leverage the technological advances made in this field. ATM is such a technological advancement which provides an alternative cash withdrawal system. Use of ATM reduces the burden on physical branches of the banks. It also reduces the time and effort of people spent in cash withdrawal. Still many people are not using ATMs and are standing in the queues outside the banks for cash withdrawal, wasting their precious time.

The present research paper intends to identify the impact of income on usage of ATMs in the UT of Dadra and Nagar Haveli. Results of the study show that there is a need to increase the use of ATMs among low income groups because many of them are not using ATMs at all. For this purpose, creating awareness regarding operations of ATM will help in increasing its usage. It will help the banking sector and financial sector to move towards further growth.

Key words: *ATM, banking sector, cash withdrawal, income.*

1. INTRODUCTION

Banking sector, a crucial part of financial sector, plays an indispensable role in the development of the economy. It keeps the income earned by people, which is deposited in bank accounts, safe and secure with it. To withdraw money from these accounts, innovation in technology has provided the alternative cash delivery mechanism in the form of Automated Teller Machine (ATM). Automated cash withdrawal system provides efficient time management and sustained liquidity to the ATM card holders. Also, ATMs provide cash withdrawal facility to withdraw cash as low as Rs.100/-, so every level of income earner can make use of ATMs even for small amount of cash withdrawals. Moreover, it is also useful for banks as it reduces the requirement of establishment of physical bank branches, which entails huge capital expenditure in the form of building, furniture etc. Physical branches also require large amount of revenue expenditure in the form of employees' salaries, printing and stationery, maintenance cost, electricity expenses etc. Reliability of alternative delivery channel for branch banking in form of ATM reduces infrastructural cost. Space needed to install an ATM is very less as compared to space required by a physical branch of bank. Therefore, shifting from branch banking

8th International Conference on Multidisciplinary Research

Osmania University Centre for International Program, Osmania University Campus, Hyderabad (India)



6th-7th September 2019

www.conferenceworld.in

ISBN : 978-81-941721-5-4

to ATM not only saves lot of expenditure but also the time spent in dealing with cash management, thus providing the banks an opportunity to better concentrate on the delivery of other financial products and services. Thus, use of ATMs is not only beneficial to individuals but also to the banking institutions. Increase in usage of ATMs will help the banking sector to grow and in turn, it will help the economy to grow.

This paper aims to know the frequency of usage of ATMs by bank customers among different income levels in the Union Territory of Dadra and Nagar Haveli.

2. LITERATURE REVIEW

A study conducted in Coimbatore by **Nagamani and Nandhini** (2015) on 200 educated women from found that younger women are handling new technology in more effective and are more mindful of ATM operations as compare to elder women; and there is cent percent awareness regarding ATM/Debit card services in the area.

A study conducted in Africa by **Adeniran and Junaidu** (2014) on 100 customers of United Bank for Africa of Sokoto Metropolis identified the satisfaction levels on ATM services; and reveals that easy to use, low transaction cost and safety are linked with high levels of satisfaction of ATM services.

The results of the study conducted by **Franklin and Vellimalarruby** (2014) on 50 respondents from Ramanathapuram city reveals that T.V. and radio play important role in creating awareness about ATM and very few respondents count on newspapers and posters.

AnnekeKosse (2013) in her paper examined apparent payment safety on debit card and use of cash. The results show that consumers' outlook on the safety of payment instruments is affected by payment choices. Personal characteristics of customers and their experiences of payment occasions play an important role in forming their opinions.

A study conducted in Pune city by **Chattopadhyay and Saralelimath** (2012) found the ATM services are an important factor for determining customer satisfaction. Data was collected from 300 respondents.

AdepojuAdelowo Solomon and Alhassan Mohammed Enagi (2010) in their study conducted in Minna, Nigeria found that the common ATM fraud, how, where and when these frauds are carried out and then extending security recommendation should be followed by both the banks and the ATM users in order to reduce it to the minimum.

3. OBJECTIVES OF THE STUDY

The purpose of the research paper is to fathom the frequency of usage of ATMs by the bank customers in the Union Territory of Dadra and Nagar Haveli with a view to observe the usage of ATM by bank customers with different income levels.

4. GEOGRAPHICAL AREA

The geographical area selected for the purpose of the study is Union Territory of Dadra and Nagar Haveli. This region represents people from the all over the country as its part of non-tribal population. So, the results of the study conducted in this area have implications to the country as large.

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5. RESEARCH HYPOTHESIS

The hypothesis for the present research study, tested on the basis of data collected from primary source is:

H_0 = There is no significant difference in frequency of usage of ATM between bank customers with different income levels.

6. METHODOLOGY

The data is primary in nature, collected from the geographical area selected for the study which is UT of Dadra and Nagar Haveli. Total number of respondents for this study are 382 which represents different income levels. Structured questionnaires were designed for collection of data from people of this UT.

7. DATA ANALYSIS AND INTERPRETATION

The main aim of the study is to analyse the information collected with the help of various statistical techniques to find out the frequency of usage of ATM by respondents belonging to different income levels. Percent analysis and One-way ANOVA are used for study of the data with the help of SPSS software.

7.1 Demographical Variable: Income

Data was examined according to different income levels. For this purpose, four income groups were created that are below Rs. 1 lakh, from Rs.1 lakh to Rs. 2 lakh, from Rs.2 lakh to Rs.3 lakh, above Rs. 3 lakh annually income groups. The analysis of data reveals that 37 percent respondents fall in lowest income group and 29 percent respondents fall in highest income group. Income group of Rs. 1 lakh to Rs. 2 lakh has 26 percent respondents and the smallest proportion of respondents belong to income group Rs. 2 lakh to Rs. 3 lakh at 8 percent. Thus respondents spread over four income groups in different proportions.

7.2 Frequency of Usage of Internet Banking among Different Income Groups

This section discusses the frequency of usage of ATMs by different income groups of UT of Dadra and Nagar Haveli. The scrutiny of data reveals that two lowest income groups i.e. up to Rs. 1 lakh and from Rs. 1 lakh to Rs. 2 lakh income groups, more than one- third of respondents are not using ATM services even once in a month. In income group of up to Rs. 1 lakh, 35 percent respondents are non-users and in income group of Rs. 1 lakh to Rs. 2 lakh, 41 percent are non-users. This percentage of non-users is relatively less in two highest income groups as more than Rs. 3 lakh income group has only 6 percent non users and from Rs. 2 lakh to Rs. 3 lakh income groups have 16 percent non-users. Respondents who are using ATMs 1 to 3 times in a month ranges from 33 percent to 45 percent in all income groups. Respondents from above Rs. 3 lakh income group have highest proportion of 3 to 8 times in a month user at 39 percent among all the income groups. Respondents using ATM above 12 times in month are 3, 4 and 5 percent in income groups of Rs. 1 lakh to Rs. 2 lakh, up to Rs. 1 lakh and above Rs. 3 lakh respectively. This is clearly shown in Table No. 1

TABLE NO. 1
Frequency of Usage of ATM among Urban and Rural Residents

(Figures are in percentages)

Income in Rs. Lakhs/ No. of Times	Nil	1 to 3	3 to 8	8 to 12	Above 12	Total
Up to 1	35	39	13	9	4	100
1 to 2	41	33	13	10	3	100
2 to 3	16	40	16	9	19	100
More than 3	6	45	39	5	5	100

Source: Primary Data

To understand existence of probable differences in frequency of usage of ATMs by bank customers belonging to different income groups, it is studied through testing of hypothesis. One-way ANOVA was applied which generated Table No.2.

TABLE NO. 2
Frequency of Usage of ATM- ANOVA

ATM usage	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	30.104	3	10.035	9.004	.000
Within Groups	421.270	378	1.114		
Total	451.374	381			

As per Table No. 2, sign. value is 0.000 which is less than 0.05 (at 95% confidence interval). It indicates that there exists significant difference in frequency of usage of ATMs by bank customers with different income groups. Thus, H_0 stands rejected.

8. SUGGESTIONS

There is a need to increase the usage of ATMs among lower income groups. For this purpose, creating awareness among these groups regarding ATM will be of great help. An aware customer is free from uncertainty and can use ATM services more confidently. Though most of the ATM cards double up as debit cards, using them for buying goods and services attracts transaction cost. Reducing this cost will further popularize the ATM services.

Use of vernacular language in operations of ATMs will create more understanding and comfort for the users. The security guards posted at the ATMs should be trained to help and guide the customers who are less educated. However, at the same time, the privacy and security of the customers must be protected to avoid fraudulent transactions, by way of One Time Password (OTP) on mobile for every transaction.

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Recently, number of cases of ATM cloning had come to light. In order to curb such frauds, unique OTP for every transaction would be helpful and the banks may also consider imposing a minimum time lag between successive transactions.

9. CONCLUSION

Participation of all income groups in the use of technology enabled ATM services is necessary for the development of financial sector and economy as a whole. Creating awareness regarding use of ATMs will increase number of users and also help banks to reduce their costs, which will ultimately contribute towards development of the economy.

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