

## AN INVESTIGATION OF CUSTOMER SATISFACTION TOWARDS THE SERVICE QUALITY OF ATM MACHINE

*Rashmeer Kaur Harbans Singh, Wan Norsyafawati W. Muhamad Radzi, Evawaynie Valquis Md. Isa, Saraih, Ummi Naiemah*

School of Business Innovation and Technopreneurship, Universiti Malaysia Perlis, Perlis, Malaysia.

**Abstract:** The advancement in Information and Technology (ICT) has brought more and latest developments to various fields of the manufacturing and services industry. Once, there was a modern technology which is being introduced in the banking industries which is known as the Automated Teller Machine (ATM) system. ATM is designated to perform the most essential function of banks. It is basically called an Electronic Fund Transfer terminal capable of handling cash deposits, transfer between accounts, balance inquiries, cash withdrawals, and pay bills. This research looking into the customer satisfaction towards the service quality of ATM machines in Kangar, Perlis. The respondents were the customers who owned ATM bank card and authorization and always use the ATM. This research focusing on the respondents from Generations X and Z only. The primary data is collected through the questionnaires distribution and analysed by using Statistical Package for the Social Sciences (SPSS). It is found that there are significant positive relationship between those service quality (tangibility, reliability, responsiveness, empathy, and security) towards customer satisfaction.

**Key words:** *Customer Satisfaction, Service Quality, ATM Machine, ICT*

### INTRODUCTION

The advancement in Information and Technology (ICT) has brought latest developments to various fields of the manufacturing and services industry. Once there was this modern technology which is being introduced in the banking industries which is known as the Automated Teller Machine (ATM) system. This machine acts as an inter-organizational system that links between the banks and other financial institutions towards their end users which are their customers. These include the main functions such as cash withdrawals, cash deposits, bank account statement check, cash transfers, and various types of payments (Dos Santos & Peffers, 1993). Although ATM's were being introduced in America in the early 1970s, in Malaysia, ATMs were introduced in the early 1980s and became famous among users only in early 2000.

Automated Teller Machine (ATM) refers to a machine that acts as a bank teller that receives and issues money to bank card holders or users. ATM indirectly means that users do not have to travel with loads of money in their pockets at the same time, the money is available at any time to their access. Users who has an access to a debit or a credit card can use the ATM. In the early 1980s, ATM was introduced in Malaysia. During the

late 1980s, Malaysians started using a debit card for purchases and only it became a popular payment method among consumers in early 2000. Debit and credit cards play an important role resulting in turning the banking process much easier in the customer's perspective. Banking sectors have taken lots of initiatives to attract their customers. Statista (2015), stated that in the Malaysian context, the total number of ATMs is 52.1 per hundred thousand adults.

The ATM machines leaves the customers with an easier way to access the service because the machine is placed inside the banking halls and outside the banking halls such as in the shopping malls, restaurants, petrol stations, airports, universities and wherever there is a large gathering of people. It is constructed to assess the most essential functions of the bank such as cash withdrawals, cash depositing, cash transfers, and many others. It is still known as the most popular way of delivering banking services in Malaysia. The biggest changes happening in the banking sector now is switching of a customer from visiting the physical bank to online banking which was introduced in the 1980s (Engadget, 2016). It provided customers with daily customer support service via email and telephone line which is available from 6:00 A.M to 12 midnight. After

**Corresponding Author:** Wan Norsyafawati W. Muhamad Radzi, Universiti Malaysia Perlis, School of Business Innovation and Technopreneurship, Universiti Malaysia Perlis, Perlis, Malaysia, 0193140905

Maybank introducing online banking, Hong Leong Bank introduced another concept of online banking in December 2000 (Kadir, Rahmani & Masinaei, 2013).

For instance, the ATM machines have brought customers life to ease, with the time-to-time up gradation of the machines. Consider the touchscreen feature, which allows incremental, reversible actions on on-screen prompts. There's no longer for consumers who need to navigate the directories using little and limited buttons. These types of personalization put customers in control of the ATM experience. Besides the ATM machine acting as cash dispensers, it has many other bank-related services too. Customers can use the ATM machine to pay routine bills such as utilities or even telephone utility bills, account balance inquiry, smart-cards bills (Touch 'n Go, credit card, etc.), transferring money within the same bank or other banks, debit or credit card PIN change, top up mobile phones, get an account balance receipt or mini statement, etc.

Customer satisfaction is known as a crucial topic of success for any business either be done traditionally or through online means. It is particularly more essential to the internet-based companies because customers usually demand for an ultimate quality of the products or services and if they feel unsatisfied, they will move to another site and leave the current companies forever. Thus, internet-based companies need to identify the customer's requirements for their satisfactory level. A few criteria on customer satisfaction include the number of clicks needed to find what they want, the amount of information they need, response time, and speed of the appearance on the machine's screen.

## LITERATURE REVIEWS

Quality of service is to be a critical factor of success for a bank to be differentiated and obtain competitive advantage compared with its competitors. A number of researches have been carried out to determine the factors of service quality. The studies carried out by researchers Kheng, Mahamad & Ramayah (2010); Muslim & Isa (2005) has proved that service quality can lead to customer satisfaction. Beer (2003) somehow has a different definition of service which believes that service is a set of features and overall service properties aimed the customers' satisfaction and meet their needs. Mohanty A. (2016) urged banks to take the quality of their services into account as the quality is considered to be the principle or core of strategic competition. Afridi, S. A., Khattak, A. & Khan, A. (2016) had define service as a set of characteristics that meet the clients' needs, strengthens the links between the organization and them, and also enhance the clients' value as well.

The characteristics and advantages of service quality on a part of banks to contribute to their success and their persistence in the international banking competitive environment (Taylor, Curtis R. & Yildirim, H., 2010). This had required the banks to be carefully in selection the creative employees with high qualifications and capabilities. As indicated by Jayaraman, Shankar, & Wai Mun (2010), the expression 'customer satisfaction' express a cheerful customer as well as preferably it is progressively unpredictable. Customer satisfaction has been seen as a key differentiator and become a key element of business strategy in the most competitive market place. According to Benyam Tadesse (2018), customer satisfaction with ATM banking is from an evaluation of the ATM banking used throughout the experience whether the ATM banking performed relatively well or poorly against expectations. The important factors that can influence customer satisfaction are the convenience and the availability of ATM machine (Tuli., Khatri, and Yadav, 2012).

According to Ramachandran and Chidambaram, (2012), the definition of service quality is further defined as the overall evaluation of a specific service firm that results in comparing the firm's performance with customer's expectations on how the firms are performing. Service quality is a very important component in any business-related activity. Especially, to the customer's evaluation of the service quality and the level of satisfaction are perceived to affect bottom line measures of business success (Munusamy, Chelliah, & Mun 2010).

In addition, studies revealed the existence of variations in service quality across demographic variables. It recommends that bank management should pay more attention to potential failure points and address customer issues effectively. Banks should give more consideration to support quality to build clients' devotion to the banks, eagerness to visit the banks once more, client responsibility, and client trust (Hazra and Srivastava, 2009). Tangibility

Mwatsika (2016), stated that tangibility is known as the physical facilities, equipment, personnel, communication materials and representations of the services for customers in the service facility. The implication of these characteristics is usually difficult for customers to evaluate services and products. Tangibility refers to the facilities, staff, and correspondence materials utilized by firms (Kashif, Suzana, Shukran, and Rehman, 2015). Thus, organizations endeavor to pick up an upper hand by giving premium administrations to their clients. Factors, for example, real expanded service, service quality discernment, and trust emphatically influence the fulfillment dimension of clients (Khan and Fasih, 2014).

### Reliability

Reliability refers to the company's ability to deliver its services on time (Iberahim, Mohd Taufik, Mohd Adzmir, & Shaharuddin, 2016). In the banking industry, reliability can be explained as on-time delivery of services (Abduh and Othman, 2014). Studies proved that reliability is the most important element in SERVQUAL and it positively affects customer satisfaction (Kashif et al., 2015). Endorsement of technology also will give an edge to firms and will help in providing reliable services. Reliability refers to the ability to deliver the expected standard, how the organization handles the problem of customer services, performing the right service for the first time, delivering services in the promised time, and keeping an error-free record.

### Responsiveness

Shariq & Tondon (2012) argued that customers prefer to use ATM services rather than e-banking services because of the new technology to ensure security for customers. The responsiveness is not the main component that is significant in the service quality model, but it also has a positive effect on customer satisfaction (Al-Azzam, 2015). If ATM machines were invented in such a way that they are able to react responsively to customers', it can improve customer satisfaction at a high level. Thus, it is important for firms to do some maintenance on improving the machine's responsiveness towards serving customers every day.

### Empathy

Empathy is defined as the company's provision of care and individual consideration to its customers. Parasuraman et al., (2005) extended this definition to include firms having operating hours convenient to all their customers for instance the ATM machines which are operating within a convenient operating hours, having the customers best interest towards ATM machines at heart, and having an understanding of the specific needs of their customers in terms of speed and accessibility (Marzouq & Alqeed, 2013; Mwatsika, 2014). According to Flick (2015) proved that empathy positively affects customer satisfaction. In addition, if the technology and machines are lacking empathy, customers will never be satisfied (Loke, Taiwo, Salim, & Downe, 2011).

### Security

Security is defined as protection where the assets and threats are separated. ATM fraud was a global challenge that received worldwide attention among banking industry reviver in the world wide. These frauds are prolonged in different stages, ranging from card theft, skimming device, and pin fraud. According to Singh & Arora (2011) ATM frauds are never specific to banks alone, therefore, both banks and their customers need the collective and cooperation. As technology is

becoming more advanced nowadays, and the application of technology in ATM machines is also globally expanding with more and new features consequently there is enormous confidential data being transmitted into the ATM machine's system. As this goes, more sensitive transactions are being conducted, and this possibly leads to more threat breaches and the urge of protecting the system becomes more urgent (Gyamfi, Mohamed, Gymbra, Katsriku & Abdulah, 2016).

### METHODOLOGY

A quantitative research method is a method dealing with numbers and anything that is measurable in a systematic way of investigation of phenomenon and their relationships. It is used to answer the questions on relationships within measurable variables with an intention to explain, predict, and control a phenomenon. Due to this, the investigation of this study is to recognize the components that have a critical association with customer loyalty on ATM services of banks in Kangar, Perlis. The questionnaires are distributed to the specific targeted population with a briefly explained about this study to ensure that they can understand the questionnaire clearly. Respondents are mostly is from Generation X which were born in the year of 1965 to the year 1980 and Generation Z which were the newest born generation, from 1995 to the present. Hence, there are about 380 data were successfully analyzed using Statistical Package for the Social Sciences (SPSS).

### FINDINGS

Is there any relationship between the need in banking industries in Kangar, Perlis for tangibility, reliability, responsiveness, empathy, and security towards customer satisfaction?

H0 : There is no relationship between the need for tangibility, reliability, responsiveness, empathy, security, and customer satisfaction in Kangar, Perlis banking industries.

H1 : In the banking industry in Kangar, Perlis, there is a significant relationship between the need for tangibility, reliability, responsiveness, empathy, and security for customer satisfaction.

<p><b>R = 0.725</b> <b>R<sup>2</sup> = 0.526</b> <b>Durbin-Watson = 1.730</b> <b>P-Value = 0.000</b> <b>α - value = 0.05</b></p>
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Based on the analysis of regression, the value of R = 0.725, showing that the correlation of coefficient is a strongly positive linear relationship between tangibility, reliability, responsiveness, empathy, and security towards the customer satisfaction. The value of the

generated R squared is 0.526, showing that the 52.6 percent of the variation in the customer satisfaction is explained by tangibility, reliability, responsiveness, empathy, and security. The generated P-value is 0.000 ( $P=0.000$ ), which is lower than  $\alpha$  value ( $\alpha$ -value=0.05). It can be concluded that, there is a significant relationship between tangibility, reliability, responsiveness, empathy and security towards customer satisfaction to the quality of service of ATM machine.

## CONCLUSIONS

This research has been achieving its goals of determining the relationship between tangibility, reliability, responsiveness, empathy, and security of customer satisfaction towards ATM Machine's service quality. The results generated state that all the independent variables such as tangibility, reliability, responsiveness, empathy, and security are positively correlated with the satisfaction of customers towards the ATM machine's service quality. The results obtained from this study can be an awareness in order to improve their service offered based on the customer's perception. Thus, this study attempts to illustrate the factors affecting the satisfaction of customers in Malaysia's commercial banking.

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