

CUSTOMER PERCEPTION OF BANK ATM SERVICES IN NIGERIA

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Abstract

The perception of bank customers of ATM services is the focus of this study. It is important that customers' needs regarding ATMs are ascertained because while most customers will continue to view the ATM as a cash dispenser, many will expect progressively greater convenience, personalized experience, and data security. The data for the study were collected through survey instrument developed and administered to 300 bank customers, selected across four Nigerian banks in Nigeria. They were analysed using descriptive and inferential statistics, which include simple frequency distribution, tables of means and analysis of variance (ANOVA). Results shows that ATM services were more patronised by the younger bank customers than the older ones. Major means through which customers become aware of ATM transactions include the efforts of bank staff (50.9%) and consumers' friends (31.4%). Customers were most satisfied with correctness of their account and the time it takes to complete an ATM transaction but least satisfied with service charge and waiting time before transaction. Queues are now regular sights around ATMs installed within bank premises. This means that banks may soon start finding ways to decongest not just banking halls but also ATMs stands around banks. This can be achieved through the installation of off-bank premises ATMs.

Introduction

Nigeria has recorded rapid technological advancements in the past few years in the area of Information and Communications Technologies (ICTs). This has opened a lot of doors to technology-based products and services in both banks and other financial institutions. Some of these services include Automated Teller Machine (ATM), Global System of Mobile communications (GSM) banking, internet banking, etc.

Aggressive installation and deployment of ATMs is one of the most visible outcomes of post-consolidation exercise in the banking industry. Within this period, the Nigeria e-banking space recorded significant advancements against all odds. This made it possible for Nigeria to be adjudged the 'fastest growing ATM market in Africa' by International Card Community and Automated Teller Machine Industry Association.

ATM, which was first used in the United States of America in the mid-1960s and introduced in Nigeria in 1989, has spread to banks across the country. At inception, the few banks that operated the machines restricted customer access to the machines from within their banks alone. But now, with improvements in the technology, facilities have been put in place to enable bank customers make withdrawals from ATMs of other banks. Furthermore, ATMs are now installed in strategic places, like hotels, transport terminals, students' hostels, restaurants, etc., to bring them closer to users.

The research conducted by Intermac Research (2007) on the status of electronic banking in Nigeria in 2008, rated Zenith Bank as the best overall performing bank in e-banking in Nigeria 2007, while Guarantee Trust Bank (GTBank) emerged as the bank with the most satisfied e-banking customers in Nigeria in 2007. The United Bank for Africa (UBA) however emerged as the Bank with the best e-banking footprint and presence in Nigeria in 2007, while Skye Bank also emerged as the best emerging bank in e-banking in Nigeria in 2007.

Also, the same research had it that there were about 5,894 ATMs in the country as at 2007; UBA had the largest network of 1,205 ATMs, followed by Intercontinental Bank, and First Bank with 973

and 610 ATMs respectively. Other banks with significant ATM network include Ecobank (399), Oceanic Bank (387), Skye Bank (357), Zenith Bank (320), GTBank (276), Union Bank (221), Bank PHB (181), Access Bank (147), Fidelity Bank (143), ATMC (136), Unity Bank (113) and FCMB (110).

With regards to the provision of services, ATM in Nigeria has advanced beyond withdrawals, checking of account balance and purchase of airtime, to services like payment of bills or making utility/tax payments, calls, stock transaction, purchasing tickets, etc., which were not popular with earlier ATM users.

One of the key issues facing Nigerian Banks today is the gap that presently separates ATM services in Nigeria from those of developed countries, in terms of functionalities and perceived value especially, in the face of militating environmental factors, such as inadequate power supply, network failures, security issues and working condition of ATM machines.

In any case there seems to be a stiff competition among Nigerian banks in the area of providing satisfactory services to ATM users. This is because the level of awareness among customers have greatly increased in terms of expectations for additional ATM services. But matching levels of service to customers' perceptions of value is not a simple task. This is because customers' needs differ relative to the services that will mostly appeal to them.

Enhancing the services and functionalities available on ATMs and delivering same in the context of a better environment will likely result in increased and strengthened customer loyalty. Customers may perceive a given service to be more convenient, available, or less costly at one bank than at another. Apparently, there exists limited documentation on the assessment of customer loyalty to ATM services in Nigeria. The above raised issues and more are what informed the import of this study which is to analyse bank ATM customer perceptions of ATM services in Nigeria.

Literature Review

E-banking practices in Nigeria have continued to grow in line with global trend. The Central Bank of Nigeria (CBN) has continued to encourage banks to install ATMs for cash withdrawals in order to increase the use of electronic money (e-money), in line with international best practices. This has made it necessary to appraise customer preferences and satisfaction of e-banking in general and ATM services in particular.

In a survey carried out by Ugwuonah (2006), on Empirical Assessment of Information Technology in Marketing of Commercial Bank Services in Nigeria, it was clearly observed that most customers were happy with the introduction of e-banking services into Nigerian banking system. However, among modern banking transaction methods, such as Internet banking, Point of Sale terminal transactions, and money transfer, ATM emerged the most popular with 96% awareness, which also ranked higher than current account but slightly below savings account. Although, bank services, such as local money transfer, international money transfer, loan facilities, and telephone banking, have been in existence before ATM, they all recorded relatively low in the levels of their awareness.

Despite the high rate of ATM acceptance, some bank customers still display negative attitudes towards it, mostly as a result of the problems encountered in the course of using the service, most of which bother on security risk, network problems and service charges. Another study by InterMac Research (2008), noted that customers affirmed that security problems hinder them from making withdrawals during the off-banking hours. Closely related to this is the customers' fear of the possibility of computer hackers infringing on their privacy and gaining unauthorized access to their accounts. In the same survey, a cross section of respondents decried positioning ATMs right inside the banking hall, thereby making it impossible for them to access their accounts after working hours. Other enumerated problems are compulsory withdrawal of certain amounts monthly from every ATM card holder account. The study, however, stated some benefits mentioned by ATM account holders, which include twenty-four hour

access to bank accounts, printing of account statements, easy cash withdrawals, transfer of funds between accounts, and the stress-free process of making banking enquires.

A similar study on ATM user perception conducted by eShekels Limited (2007), revealed that 18 per cent of people who do not use ATMs attributed non-usage to charges by banks. On the contrary, the larger percentage (73.3 per cent) of respondents, who were willing to use ATM services, attributed their major reason to convenience of withdrawal.

The respondents who indicated their unwillingness to use ATMs gave their reasons as power failure, charges attached to the service, location of the machines and their choice to remain with the older banking methods. Some intending users affirmed the non-availability of ATM machines in their areas of abode, claiming that they only find them at commercially busy areas. To this effect, it is pertinent that ATMs should be stationed at residential areas for its easy access which would enhance convenient withdrawal of cash, the primary reason for its usage. This shows that with massive sensitization campaigns by the banks for all levels of customers, the ignorance in the use of ATMs will be addressed. Also, more people will use ATMs if a maximum level of continuous convenience is guaranteed by providers.

Komolafe (2006), examined the views of both customers and bank management on ATM charges. He found out that initially, all the banks charged the same fee for cash withdrawals using ATM irrespective of whether it is intra-bank or inter-bank. But later, in an effort to encourage customers to use ATMs in order to decongest their banking halls, some well established banks stopped charging for intra-bank ATM withdrawals. Despite the move by bank customers to persuade their banks to stop all the charges, banks management continued to charge customers on the grounds that ATMs add value to the services banks offer to customers, and such services should be paid for. Furthermore, the reason for the bank's insistence on these charges was based on the view that the charge on ATM serves the purpose of subsidising the cost of ATM acquisition, installation, activation, and

maintenance. The banks claimed that they spend so much money on fuel for powering their generating sets and other infrastructural facilities to keep the ATMs working for 24 hours within the seven days of the week.

Lim Bee Eng (2003), sought the impact of technologically innovative bank products on customer satisfaction. A group of 300 bank customers from Singapore, Malaysia and Thailand were interviewed in order to assess their banking preferences and behaviours. The findings indicated that even though ATMs were the most frequently used service of all e-banking services in the three countries, the aged group and low-educated customers prefer the human touch in the form of a customer service officer to electronic banking.

Kassim (2009), examined the gaps in service quality of electronic banking in Qatari banking industry. The major emphasis of the study was to investigate the discrepancies between customer's expectation and perception towards the e-banking services. The study revealed that the major challenge facing banking institutions in providing e-banking services was the growing and changing needs and expectations of consumers in the light of increased education levels and growing wealth. Consumers were becoming increasingly discerning, and as such, have become more involved in their financial decisions. The implication of this is the growing demand for a broader range of e-banking products and services at more competitive prices through more efficient and convenient channels.

In order to address the issue of capturing the varied customers' needs with respect to ATM services, Richard (2002), divided ATM services into two categories depending on the nature of services the consumers are looking for. The two categories derivable from the study are ATMs as "complement" goods and "substitute" goods. According to him, ATMs availability for 24 hours a day can be viewed as complementary hence "complement" goods. This is because it is an extension of banking service, as customers can still draw cash when the banks are closed, while the ATM provides round-the-clock service. Based on this, he was of the opinion that the ATMs serving at this

level of purpose are generally easy to "sell" and have wider acceptance. But he saw in-lobby ATMs as substitute goods - substitutes for live teller services - since the banks are still open for customers' face-to-face transactions. Some customers perceive live tellers as fast, efficient, personable, and most importantly, no more expensive than ATM transactions. From this view point, ATMs are more difficult to sell because changing current consumer behavioural pattern is not easy.

He stressed that with the viewpoint of complement goods, banks should emphasize the benefits of ATMs, one of which is that customers serve themselves faster, rather than waiting in a crowded teller line. According to him, the emphasis with this approach therefore, should be the deployment of many hands into the customer care unit of the banks to handle queries concerning funds availability and multiple account access with ATMs. But from the substitute goods view point, emphasise should be on the benefits that ATMs provide, which include the processing of all accounts, time savings, privacy and the self-service dimension. In addition to this, efforts should be made to improve ATM services by service providers, since the satisfaction of its users' desire is a vital tool for its sensitization, acceptance, growth and usage.

Significance of the Study

The customer perception of Bank ATM services in Enugu metropolis is the key element of this study. Improved ATM services are very important to economic development because of the number of transactions that can be made from the machine. The most important of these transactions is the possibility of individuals and business organisations to withdraw needed cash at will, the 24-hour access to account, fund transfer and cash withdrawals. These transactions are vital to business men, tourists and travellers, who are constantly faced with the problems of exchange or money transfer. ATM services eliminate the problem of travelling with much cash and/or traveller's cheque because of exposure to the risk of theft and robbery. Globally, there is a move to make transactions as cashless as possible.

A study of customers' perception of Bank ATM services is therefore important because it will benefit intending ATM service subscribers to make more informed decisions. The banking industry in Nigeria will benefit from the study because it will help banks that utilize effective customer relationship management tools to have information that will enable them to improve their ATM services. Banks will also be able to identify more customers' needs for enhanced scope of services to be rendered in order to remain competitive. This will aid them in developing and targeting ATM services to benefit users for improved transactions.

Objectives of the Study

The broad objective of the study is to ascertain customers' perception of Bank ATM services in Nigeria, with particular reference to Enugu. The study therefore seeks to provide insights into:

- a. gender dimensions on the usage of ATM services,
- b. ATM users' perception on key ATM services provided by banks,
- c. reasons for subscribing for ATM by bank users, and
- d. problems associated with ATM usage.

Methodology

The study is descriptive in nature and made use of stratified random sampling procedure. The respondents were selected purposely based on usage of ATM services. Only bank account owners who use ATM were selected for the study. Basically, survey design, which entailed administration of questionnaires to these bank account owners, was used to generate data for the study. The pool of respondents was obtained from customer service department of the selected banks. Bank staff who work in customer service department assisted in data collection by administering the questionnaires to respondents. The high level of education of the respondents made it easy for them to fill the questionnaires with minimum assistance.

Four hundred questionnaires were administered to respondents drawn from four banks. The selection of banks was based on their generation. First bank of Nigeria and Union Banks were selected among the first generation banks, while Zenith bank and Intercontinental banks were selected among the second generation banks. One hundred questionnaires were administered to ATM customers of each bank of the selected banks.

The data obtained were analysed using descriptive and inferential statistics, which include frequency distribution, tables of means, and analysis of variance (ANOVA).

Discussion of Results

The result of the study shows that respondents between the ages of 25 and 40 years made up nearly half of the bank customers who use ATM services (44.8%). This is closely followed by the respondents who were less than 25 years. The older age group (40 and above), however, constitutes only 6.8% of the interviewed users. This shows that ATM services were more patronised by the younger bank customers than the older ones. This result is consistent with an earlier study by Lim Bee Eng (2003), on the assessment of banking preferences and behaviours on bank customers from Singapore, Malaysia and Thailand, where he found out that the older age group and lower educational group customers prefer the human touch in the form of bank officials to electronic banking services.

The data was examined for the existence of significant gender dimensions using chi-square as a statistical tool. The obtained chi-square value of 11.93 and P-value of 0.0026 shows the existence of significant gender dimensions at $P < 0.05$. Table 1, shows that more female respondents existed at the youngest age group of less than 25 years (65.3%), more males were found at the younger age group of 25 through 40 years.

Table 17.1: Showing Distribution of Age by Gender of Respondents

| Age | Gender | | Total |
|---------------------------------------|-------------|---------------|-------------|
| | Male | Female | |
| LESS THAN 25 YEARS % within Gender | 101 36.0 | 78 65.3 | 179 44.8 |
| 25 THRU 40 % within Gender | 157 56.1 | 37 30.6 | 194 48.5 |
| 40 AND ABOVE % within Gender | 22 7.9 | 5 4.1 | 27 6.8 |
| Total % within Gender | 280 100 | 120 100 | 400 100 |
| Chi-square value=11.93 | Df=2 | Pvalue=0.0026 | |

Source: Survey 2008

The data were further analysed to ascertain the means by which the interviewed ATM users got introduced to ATM. It was observed from Table 17. 2 that the major means were the efforts of bank staff (50.9%) and consumers' friends (31.4%). Introduction by relations and other unspecified means did not show a significant result, as they were 9.7% and 8.0% respectively. These data, when subjected to further analysis for a gender dimensional implication, did not show any significant differences as means of introduction to ATM. This is evidenced by a chi-square value of 0.4, and a non significant probability (P) value of 0.93.

Table 17.2: Showing Introduction to ATM by Gender

| Who introduced you to ATM | Gender | | Total |
|---------------------------|--------|--------|-------|
| | Male | Female | |
| Friends | 89 | 37 | 126 |
| % within Gender | 32.8 | 28.6 | 31.4 |
| Relations | 25 | 14 | 39 |
| % within Gender | 9.2 | 10.7 | 9.7 |
| Bank staff | 137 | 67 | 203 |
| % within Gender | 50.4 | 51.8 | 50.9 |
| Others specify | 20 | 12 | 32 |
| % within Gender | 7.6 | 8.9 | 8.0 |
| Count | 271 | 129 | 400 |
| % within Gender | 100 | 100 | 100 |

Chi-square value=0.4

Df=2 Pvalue=0.93

Source: Survey 2008

Information on length of time the respondents have used ATM services and frequency of use was also obtained from the respondents. The analyses revealed that majority of the interviewed bank customers have used ATM for two years (45.3%). The second level of users had been on the service for one year (35.9%). Few respondents (18.8%) affirmed using ATM for more than two years. This shows that bulk of the users (81.3%) have used the machine for transaction between one and two years period, which is long enough to judge the effectiveness of the service. This result is consistent with the findings of Intermerc Consulting (2007), and coincides with the post consolidation period which witnessed aggressive deployment of Automated Teller Machines (ATMs).

Table 17.3: Length of Usage and frequency of Use

| Length of Use | Frequency | Percent |
|-----------------------------|-----------|---------|
| One year | 144 | 35.9 |
| Two years | 181 | 45.3 |
| Above two years | 75 | 18.8 |
| Total | 400 | 100 |
| | | |
| Frequency of Use | | |
| Daily | 50 | 12.43 |
| Twice a week | 98 | 24.48 |
| Once a week | 81 | 20.31 |
| Once in two weeks | 84 | 20.9 |
| Less than once in two weeks | 88 | 21.88 |
| Total | 400 | 100 |

Source: Survey 2008

On the frequency of use, while some respondents use the services daily (12.43%), a reasonable percentage use ATM twice a week (24.48%). Other consumers use ATM once a week (20.31%), once in two weeks (20.9%) and less than once in two weeks (21.88%).

Table 4 shows the result of the analysis on perception of key ATM transactions. It shows that the users' perception of the ATM services was fairly high. This is evidenced by the mean values of over 3.0 obtained for all the key transactions. This value judgement was based on the platform of 5-point scale employed in the survey. Exceptionally high ratings were however, obtained for transaction time (4.14) and correctness of account (4.10). The least mean ratings were obtained for service charge (3.09), waiting time before transaction (3.15) and condition of machines (3.20).

Table 17.4: ATM Users' Perception on key ATM Services

| | Mean | Std. Deviation |
|----------------------------------|------|----------------|
| Correctness of Account statement | 4.10 | 1.06 |
| Service charge | 3.09 | 1.34 |
| Availability of Cash | 3.56 | 1.08 |
| Amount withdrawn per service | 3.56 | 1.10 |
| Security | 3.73 | 1.14 |
| Condition of ATM machine | 3.20 | 1.05 |
| Transaction Time | 4.14 | 0.86 |
| Waiting time before transaction | 3.15 | 1.26 |

Source: Survey 2008

In order to seek the existence of significant differences in the mean ratings of the perception variables, one-way analysis of variance (one-way ANOVA) was employed as a statistical tool. F-value of 24.12 was obtained which was significant at $P < 0.05$. In order to ascertain where the significant differences lie, Scheffe test was used in order to categorise the perception variables in their order of importance. The following sub groups were obtained:

Subset 1- Correctness of account and Transaction time

Subset 2- Security

Subset 3- Condition of ATM machine, Amount withdrawn per service and Availability of cash; and

Subset 4- Service charge and Waiting time before transaction.

The above result shows that ATM customers were more satisfied with the correctness of their account and the time it takes to complete an ATM transaction, but least satisfied with service charge and waiting time before transaction. It is a regular sight to see queues now around ATM machines. This means that banks may soon start finding ways to decongest not just banking halls but also ATM

machines especially around banks. This can be achieved through the efforts of banks installing more off-premises ATMs.

Table 17.5: ANOVA results on ATM Users' Perception on key ATM Services

| Perception Variable | Sum of Squares | Df | Mean Square | F | Sig. |
|---------------------|----------------|------|-------------|-------|------|
| Between Groups | 210.51 | 7 | 30.07 | 24.12 | 0.00 |
| Within Groups | 1760.40 | 1412 | 1.25 | | |
| Total | 1970.91 | 1419 | | | |

Source: Survey 2008

Table 17.6: Scheffe Test Result on ATM Users Perception on key ATM Services

| Key ATM variables | Subset for alpha = .05 | | | |
|----------------------------------|------------------------|------|------|------|
| | 1 | 2 | 3 | 4 |
| Service charge | 3.09 | | | |
| Waiting time before transaction | 3.15 | | | |
| Condition of ATM machine | | 3.20 | | |
| Amount withdrawn per service | | 3.47 | | |
| Availability of Cash | | 3.56 | | |
| Security | | | 3.73 | |
| Correctness of Account statement | | | | 4.10 |
| Transaction Time | | | | 4.14 |
| Sig. | 0.22 | 0.12 | 0.71 | 0.11 |

The reasons for using ATM were sought for and rated by respondents. The result for its analysis, as shown in Table 17.7, indicates that all the identified reasons were equally important to the respondents. The mean ratings of the users on this were as follows: off banking hour transaction (4.33), to avoid banking hall crowd (4.30), for weekend banking (4.25) and easy access to cash (4.20).

Table 17.7: Reasons for using ATM

| | Mean | Std. Deviation |
|-------------------------------|------|----------------|
| Easy access to cash | 4.20 | 0.92 |
| To avoid banking hall crowd | 4.30 | 0.90 |
| For weekend banking | 4.25 | 1.00 |
| Off banking hours transaction | 4.33 | 0.95 |

Source: Survey 2008

The problems encountered by users in the course of their ATM transactions are seen on Table 17.8. The major problem from the result was Network/service failure (63.5%). Other slightly significant problems were unavailability of cash (10.5), debiting without pay (7.0%), infrastructural problems (5.0%) and cash trapping and queuing (3.5%). The problems mentioned in negligible percentage include lack of accurate record, security, cash retract and charges (1.8%).

Table 17.8: Problems of using ATM

| Problems | Frequency | Percent |
|-------------------------|-----------|---------|
| Network/Service Failure | 254 | 63.5 |
| Unavailability Of Cash | 42 | 10.5 |
| Debiting Without Pay | 28 | 7.0 |
| Infrastructural | 20 | 5.0 |
| Card Trapping | 14 | 3.5 |
| Queue | 14 | 3.5 |
| Lack Of Accurate Record | 7 | 1.8 |
| Security | 7 | 1.8 |
| Cash Retract | 7 | 1.8 |
| Charges | 7 | 1.8 |
| Total | 400 | 100.0 |

Source: Survey 2008

Conclusion and Implications

From the survey results, it can be deduced that banks were rendering ATM services fairly well, since the customers rated the provision of

these services above average. This reveals that most of the fears of new entrants to the use of these services have been fairly handled. Conversely, the major problems encountered by ATM users were network and out-of-service problems. This has implications on expanding the ATM markets further and for creating a strategy for competitiveness in banking industries.

The patronising of ATMs by younger bank customers is expected, since younger people are more at home with Information and Communication Technologies than the older ones. This has implications for banks to develop strategies to reach the older people with adverts on ICT-based bank products.

It is therefore, obvious that for any bank to remain in business on the globe in general and in Nigeria in particular there must be well directed efforts toward the development of ATM channel strategies that employ growing technologies to create a more enjoyable and informative customer banking experience.

In doing this, due consideration must be given to ensuring positive benefit to cost ratio. This poses a challenge for banks to develop clear systems aimed at understanding the needs of their customers in relation to ATM and developing strategies to update the provision of these services at a profit. These strategies must also take into account what customers perceive as enhancements to the ATM delivery capability.

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