



**ASSESSMENT OF CUSTOMERS' SATISFACTION ON ATM SERVICE  
COMMERCIAL BANK OF ETHIOPIA IN SHEROMEDA BRANCH**

**BY**

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**ADDIS ABABA, ETHIOPIA**

**June, 2019**

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SERVICE IN COMMERCIAL BANK OF ETHIOPIA SHEROMEDA  
BRANCH**

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**June, 2019**

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**ADDIS ABABA, ETHIOPIA**

**June, 2019**

## DECLARATION

I declare that, this research prepare is for the partial fulfilment of the requirement for MBA Degree in General management entitled “**Assessment of customers satisfaction onATM service in commercial Bank of Ethiopia sheromeda branch** is prepare with my own effort.

This work is original in nature and has not presented for a degree in any university. I have made it independently with the close advice and guidance of my advisor and all source of material used for the thesis have been duly acknowledged.

Declared By: Abera Habte

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**June, 2019**

## **ENDORSEMENT**

This research paper has been submitted to St. Mary's University, School of Graduate studies for examination with my approval as a University advisor.

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**June, 2019**



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## **LIST OF ACRONYMS/ ABRIVATION**

CBE-----Commercial Bank of Ethiopia

ATM-----Automat Teller Machine

PIN-----Personal Identification Number

PSS-----Personal Search Syndication

GHC55-----Grove Hydraulic Crane 55

SPSS-----Statistical Package Social Science

ECX-----Ethiopia Commodity Exchange

## ABSTRACT

*The main concern of this study is to assessment of customer satisfaction on ATM service a commercial bank of Ethiopia in sheromeda branch. It has background which states about automate teller machine and customers' satisfaction. The problems which lead to have study mention in its statement of the problem. This paper plans to answer research question which concerns on practice, challenge, benefit, and customers' satisfaction. It has an objective of to show the assessment of customers' satisfaction on ATM service. It has significance to the organization, employee and to other researchers. This study has limitation on methodology, variables and other components. Literatures are crucial support for any study. This study employed a descriptive research design, the researcher use non probability sampling which are convenience and purposeful 271 customers and employees in identification of 271 respondents from target population which encompasses 11652 customers of the bank and employees. Structured questionnaire used to gather data from the respondents of the bank customer and employees. Data collected from questionnaires are code and analyzed and also data presentation is by use of tables form. The finding reveal the customer assure that a ATM Service is benefit to commercial bank of Ethiopia in sheromeda branch users. The number of problem faces the ATM users and the most respondent reply increase satisfaction level of customer. The study conclude and recommendation the following point there are the bank should solve the problem which the case of errors during transaction give immediately response, provide receipt from the ATM service on the financial transaction and the bank show more and more improve the existing service in secured ATM service, safe place to with draw money to satisfy customers.*

**Key-words:** Benefit, challenges, assessment customers' satisfaction, service quality

# CHAPTER ONE

## 1.1. Background of the Study

Today customers need any service including banking to be ease, reliability and faster service to satisfy their demand. Hill and Alexander (2003), has defined customer satisfaction as a measure of how organization's total products perform in relation to a set of customer requirements, even though surely the customers view of organization's performance will be a perception, customer satisfaction is up To the customers' mind and it may or may not conform with the reality of the situation. A more general definition of customers' satisfaction is given by Kotler (2003); he explains as a function of perceived performance and expectations. If the performances fall short of expectation the customer is dissatisfied. If the performance matches the expectation the customer is satisfied, when the performance exceeds the expectation the customer is highly delighted. Delivery of services has had a dramatic effect on the nature of the core offering. Gilbert (1997) defines this process the "revolution" that has taken place in technological development in the past two decades.

Angelova and Zekiri, (2011:233) explain customer satisfaction as the outcome felt by those that have experienced a company's performance in fulfilling their expectations. Pine & Gilmore (1998) indicated that customer satisfaction has a positive effect on organization's profitability, loyalty and customer retention. Furthermore, they asserted that leading edge companies will find that the next competitive background lies in producing experiences. It is no longer the service alone that creates customer satisfaction it is rather the experience connected with the service. The idea here is to engage Customers in a way that creates a memorable event. While prior economic offerings such as products and services are external to buyers, experiences are inherently personal, embedded in the customer's emotional, physical, intellectual, or even spiritual levels.

Therefore, the concept of customer satisfaction is related to the concepts of value, quality, complaining behavior and loyalty of customers to an organization's products/services. It is also a measure of how products and services supplied by a company meet customer expectation. Considering the availability alternatives and growing competition among banks, there is a need to know how their products and services are perceived and rated vis-a-vis others in the industry. Cengiz, (2010) noted that assessing the performance of an organization's products or services on

the basis of how they are perceived by the customer is critical, i.e. whether perceptions are misplaced, lag behind current expectation or are very accurate, because understanding these perceptions provide a critical understanding of future customer behavior. This shows that customer satisfaction is crucial for the success of any business. The question is then what factors contribute towards customer satisfaction. They want autonomy in transacting and so that they prefer self service delivery system (Khan, 2010). By automating services that were previously completed manually, ATMs can reduce the costs of servicing customer demands. These potential benefits are multiplied when banks share their ATMs, allowing depositors of banks to access their accounts through other bank's ATM (Mcandrews, 2003). More and more banks have adopted technology to deliver their services and this has resulted in: reduced costs, the creation of value added services for customers (Liao et al, 2002), the facilitation of their employees' jobs and ultimately, the provision of self service options for customers (Dabholker and Bagozzi, 2002). Lovelock and Wirtz (2000) identified secure and convenient location, adequate number of ATM, user-friendly system, and functionality of ATM are key factors while adopting it. Davies, Moutinho and Curry, (1996) examined the factors that influence customers' satisfaction about ATM service quality. These factors include costs involved in the use of ATM, and efficient functioning of ATM. Automated Teller Machine is a computerized telecommunications device that provides the customers of a financial institution with access to financial transactions in a public without the need for a human clerk or bank teller (Adelowo, 2010). ATM combines a computer terminal, record keeping system and cash vault in one unit, permitting customers to enter the banks record keeping system with a plastic card containing a Personal Identification Number (PIN) or by punching a specific code into the computer terminal linked to the bank's computerized records 24-hours a day (Rose,1999) . ATMs save time and provide convenience to the customer due to the fact that the card holders don't need to go to bank branches to withdraw money, and the card holder is able to make shopping, travelling etc. ATMs' offer a 24 hour banking service to the bank customer like cash withdrawal, fund transfer, balance inquiry, card to card transfer, and bill payment, accept deposit etc. (Kumara, 2011).

The distribution of banking services can be understood as the place and means by which the 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) .ATMs save time and provide convenience to the customer due to the fact that the card holders don't need to go to bank branches to withdraw money, and the card holder is able to make shopping, travelling etc. ATMs' offer a 24 hour banking service to the bank customer like cash withdrawal, fund transfer, balance inquiry, card to card transfer, and bill payment, accept deposit etc. (Kumbhar, 2011). As far as customer satisfaction concerned with regard to e-banking products, ATM plays a paramount contribution as they make banking transactions easy to the customers.

This was done so as to enable customers have a 24 hour access to their money and hence improve customer satisfaction then the banks eager to ease access for their customers. A fair distribution of ATMs in areas convenient to the customers does have an effect on satisfaction of customers due the convenience of bringing banking closer to the customers (www.atmgurus.com). However, despite the Bank's effort to improve access for its customers by increasing the number of machines, network failure, due to service breakdown from the country's sole telecommunications service provider, Ethio telecom, and internet network problems, is the challenges faced by commercial banks in successful service delivery and distribution of ATM throughout the country (Gezahegn, 2015). To meet better market requirements in terms of speed and efficiency of services, banks have adopted an interactive electronic 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).

This study intention is to assess the level of customer satisfaction on ATM services after additional ATM service national bank of Ethiopia sheromeda branch.

## **1.2. Statement of Problem**

Company in this energetic global economy demands them to be highly competitive in every direction. Information technology is considered as the key driver for the changes taking place everywhere the world. Due to a penetrating and steadily growth of information and communication technology, the world banking industry is entering into new phenomena of without precedent form of competition supported by modern information and communication infrastructure. The information and communication applications are utmost concern to the banks in today's business environment and Internet has become the major platform for all financial, banking and commercial transactions in the present scenario (Worku2010). Pahwa and Saxena (2011) cited in Cabas(2003) states that use of ATM has become extremely popular among customers as convenient mode of transactions. The technological innovation has transformed the banking business. Even though financial services are highest importance in domestic and international economies to facilitate service. ATM banking adopted by most of Ethiopian Commercial banks with a view of improving the banks service delivery, without conflict queues in the banking hall, enable customers withdraw cash with in 24 hour a week, track personal banking transaction, request for online statement, or even transfer fund to another party's account within similar bank and so on.

However ATM face a number of challenge during the function of giving operation for its customer like system problem due to power supply cut and telecommunication service in interruption relation to network, although the potential financial services have remained limited in the developing world where information asymmetry, inappropriate products, poor infrastructure, cultural influences, out of cash ATM machines, wrong transactions, mismatch balance of customers Account shown at ATM ,unsuitable location, and delayed in dispute handling for error transactions, low awareness about how to familiar with new coming of technology these service accessible only to the top ties of economic affordable people. Therefore, many of them is unable to accessed their money as there is limited a number of ATM because of a number of problem as mentioned above.



These problems relate to in our country an absence of proper operational efficiency and competence in Ethiopia. Worku (2010) stated that Certainly the banking industry in Ethiopia is underdeveloped and therefore there is an immediate need to embark on capacity building arrangements and modernize the banking system by employing the state of the ATM technology being used anywhere in the world.

Then a lack of proper operational efficiency and competence in ATM service it affect ease access cash withdrawal, transfer funds and so on, at the finally its influence a customer satisfaction or dissatisfaction of customers.

Therefore the objective of this study is to assess the level of customer's satisfaction after additional ATM service on the commercial bank of Ethiopia in sheromeda branch.

### **1.3. Research questions**

1. What are the benefits that customers get from ATM services?
2. What are the challenges faces an ATM users are during the practices?
3. What level of customers' satisfaction are functions of ATM services?

### **1.4 The General Objective of the Study**

1.4.1The general objective of the study is to assess customer satisfaction in ATM service at commercial bank of Ethiopia in sheromeda Branch.

#### **1.4.2 Specific Objective of the Study**

1. To determine the benefits that customers get from the employment of ATM.
2. To identify the challenges face an ATM users are during the practices.
3. To analysis level of customers' satisfaction are functions of ATM services.

### **1.5 Scope and Limitation of the Study**

#### **1.5 .1 Scope of the Study**

The study is restrict to assessment of the customers' satisfaction on ATMs' service on commercial bank of Ethiopian in sheromeda branch taking public user surrounding of sheromeda

area in Addis Ababa city as case study area which has large concentration of ATMs and focusing on the regular user with reasonable number of card holder.

### **1.5.2 Limitation of the Study**

The Study limitation is caused by time and financial constraints move to investigate customer satisfaction on ATM service of commercial bank in sheromeda branch. Because it takes a lot of time and patience to get the appropriate customers from the target ATM user' to fill and return the questionnaires and engagement the office to get the documents that is necessary to the study.

### **1.6 Significance of the Study**

The study is moving to assess customers satisfaction of the ATM banking service and find solutions for the identify problems in such a way that the banks and customers benefit from the electronic banking payment system technology, and this study will help the branch of Bank for enhancing the customer satisfaction by adopting strategies, and also this the study is adding value to the existing knowledge regarding ATM banking and satisfaction of customers in a branch.

### **1.7 Organization of the Paper**

This study contains five chapters with different sections and sub sections. First chapter deals about the introduction of part of the paper consists of background of the study, statement of problem, basic research question, research objective, scope and limitation of the study, and significance of the research. Second chapter focuses on the theoretical and empirical literature review regarding ATM service and customer's satisfaction in different countries experience. Third chapter discusses about research methodology regarding research design and approach, study's target population, sample design, source of data and method of data collection, data collection procedure ,data analysis. Fourth Chapter focuses on results and discussions. Finally, the last and fifth chapter deals about major finding of the study, conclusion and recommend of the study.

## **CHAPTER TWO**

### **2. LITERATURE REVIEW**

#### **2.1 Theoretical review**

##### **2.1.1 Introduction**

It is determining for one country to have well organized financial service sector to increase customer and modern service sector to have multi-client in market development of economy. The existence of bank makes life of everyone much easier to move their money and keep it as place of store of money. But today banks as well as the overall development of the financial service sector would mean a lot to life of modern economy. The changing environment offers challenges and opportunities to the organizations. The ATM is an innovative service delivery mode that offers diversified financial services like cash withdrawal, funds transfer, cash deposits, payment of utility and credit card bills, chequebook requests, and other financial enquiries (Khan, 2010).

Moutinho (1992) as cited in Pahwa and Saxena (2011) stated that ATM is the abbreviation of automated teller machine which acts as a teller in a bank who takes and gives money over the counter and it was the first well known machines to provide electronic access to customers. With the appearance of automated teller machine, banks are able to serve customers outside the banking hall because ATMs are placed inside or near the banks and also outside the banks such as shopping malls, restaurant, airports or any places that people may gather. In another article Mcandrew (2003) talked about the various utilities of ATMs which has given worldwide popularity. The utilities include withdrawal of cash as per convenience of the customers than during the banking hours at branches. Besides providing off time and off shore services, there is reduction of cost of servicing. Weiner (1999) pointed out that the total number of ATM transaction has more than doubled over the last ten years and is estimated to reach near 11 billion and total number of ATM terminals in United States has tripled over last ten years. This shows that ATM cards have become most popular non cash instruments in USA and its popularity has been explosively increasing throughout the world. Investment opportunities, reduction in costs, satisfaction of customers and competitiveness are motives to install and add new ATM to the

existing network. With appearance of ATMs, some limitation of time and geographic location has been resolved. And it also resulted in speed of transactions and saved time for customers.

### **2.1.2. Service Delivery**

The service delivery in the world has been changed significantly by technology. This is supported by Humphrey (1997), views that the role of technology in today's international financial community has changed significantly. ATMs have made banking services easy for bank customers; Cox (1992) wrote that the ATM can handle normal cash routine enquiries such as cash withdrawal, funds transfer from one account to the other, account statement request, account activity enquiry and others. In some developing countries and developed countries customers can use their VISA and MasterCard branded ATM cards to transact banking services with other compliant VISA or MasterCard branded ATMs. Lovelock (1996) stated that the ATM technology customizes service offerings, reduces waiting time for customers, serves as an alternative channel for service delivery and provides vital information needed by customers in the shortest possible time. The ATM consists of three very important parts, namely the hardware, software (the running program) and the communication modules for the transaction processing to be completed. In order for a bank to have an uninterrupted ATM service operation, it must have a very efficient internet service provider, reliable electric power supply from both the national grid and stand by generators and modern ATM hardware and software. The ATMs are normally installed both within and outside the bank premises such as fuel filling stations, shopping malls, restaurants, airports, school campuses etc. The ATM provides uninterrupted 24 hour service to the bank customers. Some modern ATMs have incorporated features such as biometric technology which involves obtaining ATM services by the use of finger prints of the account holder other than the use of ATM cards. This technology provides extra security to the customer as without the customer biometric data, transactions on his/her accounts via the ATM would not be possible. Most modern ATMs are also now incorporated with cash deposit features as well as utility payment features such as cellular talk time top up, water and electricity payment for prepaid customers. The ATM screen can also serve as an advertising space for banks to advertise their products. Customers are the life blood of every company, without them most companies will fail to exist; therefore the need to improve service delivery is a must. Unfortunately pursuing the highest level of services does not come cheap. In the service industry,

customers perceive that the quality of a company is very essential to the company's profitability. Gronroos (1990) suggested that perceived service quality is as a result of an evaluation process in which customers compare expected perceptions of service delivery and its outcomes with what they actually expected to receive. Mass generation and delivery of services are very difficult. This can be seen as a problem of inconsistent service quality. Both inputs and outputs to the processes involved in providing 27 services are highly variable, as are the relationships

The service delivery in the world has been changed significantly by technology. This is supported by Humphrey and Hancock (1997), views that the role of technology in today's international financial community has changed significantly. ATMs have made banking services easy for bank customers. According to Hoq and Amin (2010), customer satisfaction is the most important driver of commercial banks, since higher customer satisfaction leads to a lower customer intention to switch banks. Thus, technology is one of the powerful instruments in providing faster, reliable and more efficient services to customers. Shifting the service from the traditional way of banking to the modern banking, Furthermore, it is also known that many of the banks have started to adopt a sort of e-banking services including ATM, either to cope with the competition or serve the customers in an efficient and effective given that many of the banks have started to adopt the ATM banking service. Cox (1992) noted that the ATM can handle normal cash routine enquiries such as cash withdrawal, funds transfer from one account to the other, account statement request, account activity enquiry and others. In some developing countries and developed countries customers can use their VISA and MasterCard branded ATM cards to transact banking services with other compliant VISA or MasterCard branded 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). Lovelock (1996) stated that the ATM technology customizes service offerings, reduces waiting time for customers, serves as an alternative channel for service delivery and provides vital information needed by customers in the shortest possible time. The ATM consists of three very important parts, namely the hardware, software (the running program) and the communication modules for the

transaction processing to be completed. In order for a bank to have an uninterrupted ATM service operation, it must have a very efficient internet service provider, reliable electric power supply from both the national grid and stand by generators and modern ATM hardware and software. Yavas et al., (1997) argued that customers' focused ATM delivery system that fulfills their needs and maximize operational performance are essential dimensions for bank to achieve and sustain competitive advantage (Khan, 2010). Good service quality leads to satisfying relationship with customers, and higher customer satisfaction results in better profits and word-of-mouth recommendation (Lassar et al, 2000; Beerli et al, 2004). Fornell (1992) defines customer satisfaction as the overall post purchase or usage evaluation. Halstead et al (1994) states that customer satisfaction is a transaction specific effective response from customers' comparison of product performance to some pre-purchase standard. ATM banking customers have expectations of their banks' ATM banking services against which each service encounter enhances comparison of ATM banking performance to the expectations. The comparison is conducted after the immediate usage of ATM banking services or over time of ATM banking usage. Customer satisfaction with ATM banking is therefore the feeling developed from an evaluation of the ATM banking use experience whether the ATM banking performed relatively well or poorly against expectations (Mwastika, 2016). Churchill and Surprenant (1982) look at customer satisfaction as a summation of satisfaction with various attributes of a product which alludes to the fact that satisfaction with ATM banking will come from the satisfaction with the performance of its attributes. The evaluative judgment about satisfaction with ATM banking is therefore conceived to fall somewhere on a bipolar continuum where at the lower end it signifies low levels of satisfaction (expectations exceed performance perceptions) and at the higher end it signifies a higher level of satisfaction (performance perceptions exceed expectations). This evaluative judgment occurs at a particular time based on usage experience of ATM banking which occurred at a particular time or on accumulated experience of ATM banking (Mwastika,

Brownlie and Moutinho (1989) recommended that some consumers have positive attitudes towards Automated Teller Machines based on dominant perceptions of convenience/accessibility/ease of use. Reichheld and Sasser (1990) have recognized the benefits that customer satisfaction delivers to a bank. For instance, the longer a customer stays with a bank the more utility the customer generates. This is a result of a number of factors relating to

the time the customer spends with a bank. Patricio et al, (2003) noted that effective service delivery is a new or significantly improved service concept that is taken into practice. Banks without usage of technology in the banking sector cannot provide customers with a satisfactory service. Kumbhar (2011) stated that effectiveness of service provision have a significant relationship with overall customer satisfaction. Effective service delivery is positively related to customer satisfaction in that, when a customer perceives that the delivery mode of the transactions that the bank is supposed to offer is quite good, the more the customers will be satisfied with the bank services.

### **2.1.3 ATM TECHNOLOGY EVOLUTION**

Tween these processes, these makes it difficult to maintain consistent service quality. Human resource management is very important in service delivery; the human factor is often the key success factor in service economies. Demand can vary by season, time of day, business cycle, etc. There is also consumer involvement as most service provision requires a high degree of interaction between the service consumer and the service provider. The combined services of both the Automated and human tellers imply more productivity for the bank during banking hours. Also, it saves customers time in service delivery as alternative to queuing in bank halls, customers can invest such time saved into other productive activities. ATMs are a cost-efficient way of yielding higher productivity as they achieve higher productivity per period of time than human tellers. Furthermore, ATMs continue working when human tellers stop and thus there is continual productivity for the banks even after banking hours.

Most inventions have happened due to sheer necessity and ATM is one of them. The history of ATM is full of interesting facts of which some are known and others unknown. According to the website [www.engineersgarage.com/invention-stories/atm-history](http://www.engineersgarage.com/invention-stories/atm-history), it is believed that the history of ATM started when an Armenian named Luther George Simjian was forced to move to USA in the year 1920, under the account of Armenian Genocide. He owned to his credit the invention of a portrait camera and then he later rolled out the formulated idea of ATM. Confident of his invention, he persuaded Citibank to run his product on a six month trial basis. Soon enough, he was disappointed with the performance and the lack of users and concluded that ATM was a wasteful addition to personal banking. The lack of demand for the ATM finally forced him to

take a back seat. During this period it was very clear that the time was not right for this concept to have been accepted generously. Simjian clearly lost out on the success and fame and the same was passed on to two other gentlemen, John Shepherd-Barron and Don Wetzel. John Shepherd Barron was a Scottish national born in India. Later he relocated to Britain and pursued his education from the University of Edinburgh, and at Trinity College, Cambridge. After returning empty handed from a bank, Shepherd-Barron was disappointed to have had no option than to wait till the bank opened the next working day. And thus in a similar fashion like Archimedes, Shepherd-Barron claims to have hit his interesting moment while taking a bath. A self-sufficient cash dispensing machine was what he was thinking about. And soon the ATM was invented in the early 1960s. The invention of a self-sufficient cash dispensing machine was his second and successful attempt at inventions. Prior to this invention he had invented an instrument to scare away seals (fish eating mammals) at his Scottish Salmon farms. Unfortunately, this device instead of deterring the seals attracted them, and was thus a failure. The same website also shows that the ATM machine gained Shepherd-Barron an ever-lasting recognition in the banking world and paved the way for hi-tech banking techniques, online bank accounts, Personal Identification Number (PIN) and chip security technology. The four-digit internationally accepted standard PIN was also invented by him. Earlier, he had a six-digit Army serial number in his mind but later his wife suggested for a shorter PIN as it would be easy to remember. Finally in 1967, the first ATM that dispensed paper currency round the clock (24 hour basis) was unveiled. The ATM was installed outside a Barclay's bank in North London. The ATM machine accepted and generated money through cheques impregnated with certain chemicals. A mild radioactive substance, Carbon 14 was used for detection by the machine. Once the PIN was given, the machine gave out the cash. This radioactive substance had no ill effects on the health of users and Shepherd-Barron claimed that a user would have to eat about 136,000 cheques to suffer any kind of ill-effects. Reg Varney, a famous TV sitcom popular became the first person to use the ATM in the year 1967 and withdrew about 10 dollars. The amount seems too less for us, but this money was enough for a complete night out spent on the tiles in London, inclusive of dinner, drinks, a show and a taxi-ride back to home. While this prototype device originated by Shepherd Barron had started functioning, various parallel developments were happening in different parts of the world. The same website further shows that an American engineer Donald Wetzel of Docutel engineered the Docuteller ATM which was declared as the first modern 21 magnetic



stripe machine. It recognized magnetically encoded plastic (credit cards) and not the usual paper cheques. The development of ATM has gone through many stages, it started from its baby stage in the late 1930s and then geared up for longer runs in the 1960s, and finally a matured and stable stage that we see today. Undoubtedly, most of the ideas and patents contributed for makeover of the ATM from time to time form the backbone of what was initiated as “holes in the wall”. Today, ATMs hold a strong foothold in the world, offering everyone a better access to their money, be it in any corner of the world. There are about 1.8 million ATMs in use around the world with ATMs on cruise and navy ships, airports, newsagents and petrol stations. ATMs too have been categorized as on and off premise ATMs. On Premise ATMs are capable to connect the users to the bank with multi-function capabilities. Off premise, ATM machines on the other hand are the "white label ATMs" and are limited to cash dispense. The developments have not stopped; the contactless technology is on its rise. The same website concludes that Shepherd-Barron continued to take inimitable and lively interest in technology well even in his old age and had foreseen a future where plastic cards too would be numbered. For his excellent and unforgettable contributions to financial technologies, Shepherd-Barron was offered the OBE award in the year 2005. In the year 2010, he took his last breath and left behind his legacy of technological advancements.

### **2.1.3 Benefits of Automated Teller Machines (BATMs)**

#### **2.1.3.1 ATMs as Acceptability**

With regard to Acceptability, Mols (2000) argued that customer acceptance of the new automated channels of service delivery in banks may bring a dramatic change in the way that retail banks build and maintain a close relationship with their customers. Godwin (2001) argues that ATMs are the other way that banks are going to make their services accepted by their customers. ATMs allow customers to bank at their own schedule and convenience anywhere due to a wide ATM networks that the banks avail to their customers. Many innovative ideas in the banking sector such as internet banking, automated teller machine (ATM) among others has been in place in order to motivate customer's patronages to banks and reduce cost in the services. But the impacts of such innovative technologies are lost when-ever the systems are rejected by the users. (Jun & Cai, 2001; Yen, Tsai, & Chen, 2010). The user acceptance is therefore considered as

a determining factor that measure the degree of success or failure of any new innovation or technology

### **2.1.3. 2. Safety**

Safety is one the benefit of ATM, Thanks to the ATM technology, now a day there is no need of carrying large sum of money. Once the customers has the ATM card, he or she can access his or her account whenever need arises. One can keep funds at a bank and receive an interest mean while enjoying a quick and easy access to them (Godwin, 2001). Tague (2010) observed that a plastic Automatic Teller Machine card linked to bank account makes financial transactions a breeze by eliminating the waste of writing cheques or the dangers of carrying large sums of cash. Singh (2009) described ATM as 'Avoid Travelling with money.

### **2.1.3.3 ATM as Convenient to Customers**

The Automated Teller Machine has changed people's lifestyles and how the banking industry and ATM machines enable depositors to withdraw cash at more convenient times and also places than during banking hours at branches. In addition, by automating services that were previously completed manually, ATMs reduce the costs of servicing some depositor demands. An Automatic Teller Machine (ATM) allows a bank's customers to conduct their banking transactions. This could be performed transactions at any time during 24 hours. Before an ATM is placed in a public place, it typically undergoes extensive testing with both test money and the backend computer system that allows it to perform transactions. (Marshall and He slop, 1988) Bank customers also have come to expect high reliability of ATM machines, which dictates that ATM service providers should take a step to minimize machine and network failure. If ATMs go out of services, customer could be left without the ability to make transactions until the beginning of their bank's next time of opening hours. Indeed, ATM machine and network failure do have financial implications for the service providers, so that they should minimize cases of malfunction. It's important to therefore look at the prospects of fully functioning ATMs.

### **2.1.3.4 ATM for Speed Transaction**

With regard to speed of the ATMs, Marshall and He slop (1988) noted that one of the benefits to be reaped by customers while using ATMs is saving time, this is because there is no need to

come to the bank and wait in a queue or filling some information in paper format every time when one wants to transact. ATMs are automated machines which are faster than human tellers in processing transactions. According to Komal (2009) explain in his study 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 appropriately. The machine can enable customers to deposit and withdraw cash at more convenient time and places than during banking hours at branch. Deutsche Bank AG Research (2006) identifies 'speed' as one of the main driving forces behind the success of Ebanking. Transactions, transaction processing, data transfer, information requests etc. happen almost instantly in online banking. Similarly, Hoffman et al, (1999) also identified speed as a major factor influencing customer satisfaction.

#### **2.1.3.5 Reliability**

Reliability refers to the promptness of delivering e-banking service such as ATM banking in an accurate way and in line with advertised attributes (Jun, and CAI, 2001; Min, 2003). Many studies argue that the success of electronic banking depends on e-banking service and reliability (Flavián et al, 2008). Reliability is established in some studies as a key factor that most customers consider before and even during usage of e-banking service (Ndubisi, et al, 2007). Prior researches have revealed that reliable/prompt responses, attentiveness, and error-free ebanking platforms have a considerable impact on customer satisfaction (Xiang and Yang, 2004).

#### **2.1.3.6 ATMs save Cost**

Mols (1999) has identified that for customers, internet banking, ATM, and other electronic banks can be of a low cost alternative to traditional banking. The term 'cost' refers to all types of costs from financial costs, time costs, energy costs etc. In all things considered, E-banking can provide a banking activity at the lowest cost possible. According to Rose (1999) noted in Ephream (2016), ATM transaction is an average of about 6,400 per month compared to 4,300 for human tellers. Furthermore, it saves customers time in service delivery as alternative to queuing in bank halls, customers can invest such time saved into other productive activities.

#### **2.1.4. Problems Associated With the Use of the ATM**

Although ATMs provide an extremely useful service to bank customers, at times they can be very frustrating to use and therefore there is a lot of room for improvement in the interface design. The interface enables communication between the user and the machine. Therefore good user interface design is imperative for high usability levels. Often there are problems or inconveniences experienced when using an ATM. Some of these problems include:

- a. Network problems- The ATM relies on the bank communication network hence when the bank communication network goes off line the ATM services become unavailable for customers use.
- .Inability to see the ATM screen well: This depends on the location of the ATM in relation to the position of the sun. At times it can be difficult to view the contents of the ATM menu.
- Wrongly inserting the ATM card: This problem is more common with new ATM users who are not familiar with their new card and the ATM.
- D. getting the required amount of money: Some ATM's may not offer the user the required amount of money they want on the initial cash withdrawal screen. The user will then have to use a few more key strokes to select the required amount (e.g. to withdraw GHC55.00 the user might have to select the „other amounts“ option then type in “55” using the keypad and then press “enter”).

The daily limit on the ATM also becomes problematic for customers needing monies which exceed the set limit, Understanding how to perform operations: Some ATM users find the instructions on how to perform operations quite difficult to understand. Often the ATM card is returned to the user while further operations are required and thus the user would have to re-insert his/her ATM card and these further increases the time spent at the ATM.

- F .Waiting in the queue to use the ATM: If users ahead of you in the queue experience difficulties in using the machine, this will increase the time waiting in the queue.
- g. ATM charges: Some banks also charge their customers whenever they use the ATM to make cash withdrawal.

#### **2.1.5. Customer Satisfaction**

Customer satisfaction has been defined by many authors. Fornell (1992) defines customer satisfaction as the overall post purchase or usage evaluation. Halstead et al (1994) states that customer satisfaction is a transaction specific effective response from customers' comparison of product performance to some pre-purchase standard. ATM banking customers have expectations

of their banks' ATM banking services against which each service encounter enhances comparison of ATM banking performance to the expectations. The comparison is conducted after the immediate usage of ATM banking services or over time of ATM banking usage. Customer satisfaction with ATM banking is therefore the feeling developed from an evaluation of the ATM banking use experience whether the ATM banking performed relatively well or poorly against expectations (Mwastika, 2016). Churchill and Surprenant (1982) look at customer satisfaction as a summation of satisfaction with various attributes of a product which alludes to the fact that satisfaction with ATM banking will come from the satisfaction with the performance of its attributes. The evaluative judgment about satisfaction with ATM banking is therefore conceived to fall somewhere on a bipolar continuum where at the lower end it signifies low levels of satisfaction (expectations exceed performance perceptions) and at the higher end it signifies a higher level of satisfaction (performance perceptions exceed expectations). This evaluative judgment occurs at a particular time based on usage experience of ATM banking which occurred at a particular time or on accumulated experience of ATM banking.

Oliver (1980) defined customer satisfaction as the product of the accumulated experience of a customer's purchase and consumption. Porter and Miller, (1985) defined customer satisfaction as a post consumption evaluation that meets or exceeds expectations. Customer satisfaction ratings can have powerful effects in organizations. They focus employees on the importance of fulfilling customers' expectations. When a brand has loyal customers, it gains positive word-of-mouth marketing, which is both free and highly effective. Therefore, it is essential for businesses to effectively manage customer satisfaction. To be able to do this, firms need reliable and representative measures of satisfaction. The same website shows that in researching satisfaction, firms generally ask customers whether their product or service has met or exceeded expectations. Thus, expectations are a key factor behind satisfaction. When customers have high expectations and the reality falls short, they will be disappointed and will likely rate their experience as less than satisfying. For an organization to be profitable and over take its competitors and have enhanced customer loyalty, it must focus on improving its customer satisfaction. In order to achieve this, customer feedback must be taken very seriously. Customer satisfaction can be received by feedback using suggestion boxes, toll free telephone lines, electronic mails, observations etc. Organizations can surprise customers by calling to congratulate them on their

birthdays, wedding days etc. Organizations can take advantage of the satisfaction of their products by their consumers to increase the price of their products. The level of satisfaction can vary depending on other options the customer may have and other products against which the customer can compare the organization's product. Work done by Parasuraman, Zeithaml and Berry (Leonard L) between 1985 and 1988 provides the basis for the measurement of customer satisfaction with a service by using the gap between the customer's expectation of performance and their perceived experience of performance. This provides the measurer with a satisfaction „gap“ which is objective and quantitative in nature. The usual measures of customer satisfaction involve a survey with a set of statements using a 29 Likert Technique or scale. The customer is asked to evaluate each statement and in term of their perception and expectation of performance of the organization being measured.

Angelova and Zekiri, (2011:233) explain customer satisfaction as the outcome felt by those that have experienced a company's performance in fulfilling their expectations. Pine & Gilmore (1998) indicated that customer satisfaction has a positive effect on organization's profitability, loyalty and customer retention. Furthermore, they asserted that leading edge companies will find that the next competitive background lies in producing experiences. It is no longer the service alone that creates customer satisfaction it is rather the experience connected with the service. The idea here is to engage customers in a way that creates a memorable event. While prior economic offerings such as products and services are external to buyers, experiences are inherently personal, embedded in the customer's emotional, physical, intellectual, or even spiritual levels. Therefore, the concept of customer satisfaction is related to the concepts of value, quality, complaining behavior and loyalty of customers to an organization's products/services.

There are different factors that affect the perception of customers towards an organization. These factors are mainly attributed to either organization philosophy, characteristics of employee or products and services offered by a firm. The following section attempts to associate some of the factors that have a direct or indirect impact on customer satisfaction. Marketing Philosophy: The marketing philosophy that a company adopts has important implication on customer satisfaction. The marketing philosophy has evolved overtime from product orientation through product and sales orientation to marketing era, signifying a shift from product and sales led to customer led (Rahaman, Abdullah & Rahaman, 2011). The difference lies on the way that a company sees

customer satisfaction; as a goal or a means for profit. Those companies which emphasize customer satisfaction as a means for profit adopt traditional organizational structure. This structure suggests that activities of a company are designed and flow from top to bottom. On the other hand, organizations that see customer satisfaction as a goal and a marketing tool invert the above structure and adopt a more customer oriented organizational structure. Under this scenario, activities of a company are tailored to meet the needs and wants of customers. In this case, the structure of the organization gives more emphasis to the forefront employees as they have direct contact to customer and consequently determine the fate of a company.

**Service Quality and Service Encounters:** The success of service providers depends on the quality of relationship maintained with its customers, which brings customer satisfaction and loyalty, which in turn positively influence organizational outcomes such as performance superiority (Portel & Thanassoulis, 2005), increasing sales profit improving customer relations, enhance corporate image and promote customer loyalty. In a competitive environment, where banks are operating, there are nearly homogenous products delivered to customers. This fact usually forces banks to compete through the provision of quality services (Kheng, L., Mahamad, O., Ramayah T. & Mosahab, R. 2010).

**Expectation and Perception:** Satisfaction can be seen as a person's feeling of pleasure or disappointment resulting from comparing perceived performance with outcome of one's satisfaction. The definition suggests that satisfaction is a function of perceived performance and expectation (Mburu, VanZyl & Cullen, 2013). Customers' expectation is explained as a match or mismatch of expected performance against what they actually experienced. At the time when actual performance (experience) exceeds expected performance, the result is positive and vice-versa. According to Angelova and Zekiri, (2011:239) the extent to which a product or service fulfils customer's desire plays an important role informing feelings of satisfaction because of the impact of confirmation on satisfaction. Expectation is, therefore, a key factor in determining the level of customer satisfaction. Perception is another factor that affects satisfaction positively or negatively. Angelova and Zekiri, (2011:240) define perception as "an opinion about something that is observed, and it varies from customer to customer, as every customer has different beliefs towards certain services and products that play an important role in determining customer satisfaction". Kotler and Armstrong, (1996) stated that customer satisfaction is the result of comparing perceived performance or outcome against his/her expectations. However, perception is subjective in that it can give insight for service providing

organizations to develop and design their marketing strategy. Loyalty: The concept of customer loyalty is understood as a combination of customers' favorable attitude and the behavior of repurchase (Kim, Park & Jeong, 2004). According to Kheng et al (2010), loyalty is developed over a period of time through a consistent service encounter. Loyalty refers to the extent to which a customer exhibits repeated purchase behavior, possessing a positive attitudinal disposition toward the service provider, and considers this provider when the need for this service arises. Service quality and customer satisfaction are often said to have relation with customer loyalty through repurchase intentions (Durvasula et al, 2005). However, some researchers contended that while customer satisfaction positively enhances customer loyalty (Cohen, Gan, Yong & Choong, 2006), it is not always a sufficient condition, and, in some cases, fails to produce the expected effect. Hence, they suggest analyzing other potential factors such as switching barrier (Colgate & Lang, 2001; Jones et al., 2002; Lee & Cunningham, 2001) cited in Kim et al (2004). Their study confirmed that switching barrier as directly affecting customer loyalty, and its influence on customer loyalty through an interaction with customer satisfaction.

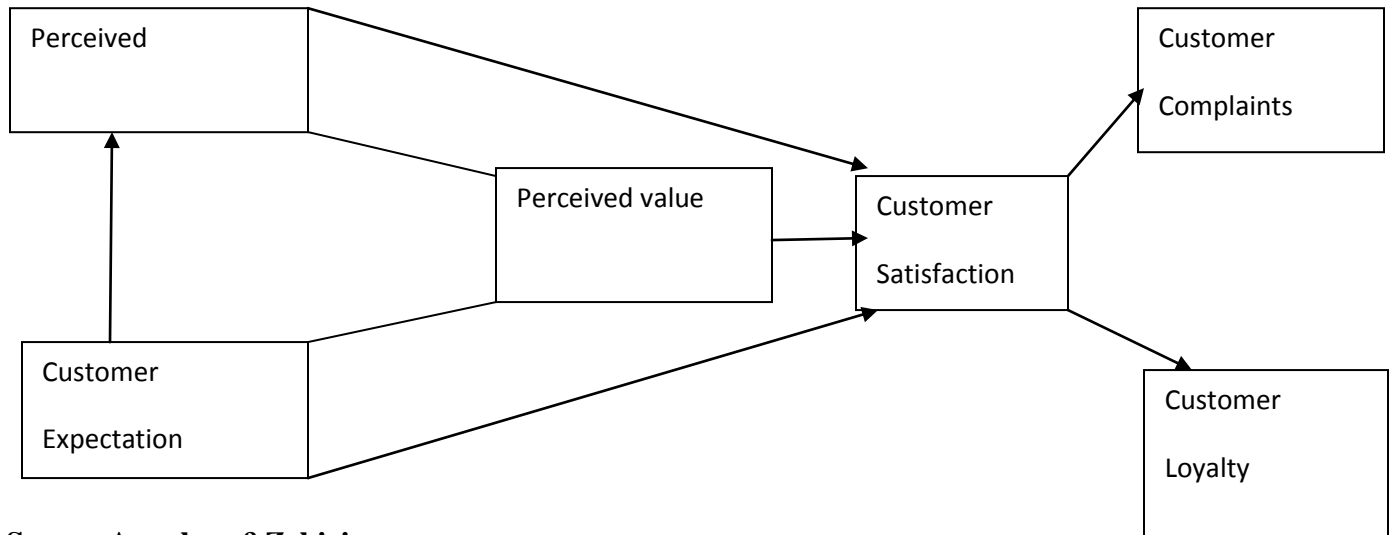
#### **2.1.6. Customer Satisfaction Models**

Customer satisfaction has been widely studied in multiple areas of marketing (Durvasula S., Lysonski S., & Mehta S., 2005) as it is a driver of success and a reason for companies' existence. As a result, service giving organizations often tries to maintain their trustworthiness with their customers via enhancing product and service quality. Several customer satisfaction models have been developed to study customer satisfaction. The essences of two of these models are discussed below. The American Customer Satisfaction Index (ACSI) is a model used as the national indicator of customer evaluations of the quality of goods and services available to the USA. (Angelova & Zekiri, 2011:241). The index shows that overall customer satisfaction has three antecedents: Perceived quality, perceived value, and customer expectations. Perceived Quality refers to customers' evaluation of recent consumption experience, and is expected to have direct and positive effect on overall customer satisfaction. Perceived Value is the perceived level of product quality relative to the price paid. Although price is often very important to customer's first purchase, it usually has somewhat smaller impact on the satisfaction of repeat purchases. Customer Expectation measures customer's anticipation of quality of company's products or services. Expectations represent both prior consumption experience, which includes



some experiential information like advertising and word-of-mouth, and a forecast of the company's ability to deliver quality in the future.

**Figure 1.ACSI Model**



**Source.Angolova&Zekiri**

This model is a cause-and-effect model with indices for drivers of satisfaction on the left side (customer expectations, perceived quality, and perceived value), satisfaction (ACSI) in the center, and outcomes of satisfaction on the right side (customer complaints and customer loyalty). This model is helpful to identify indicators of customer satisfaction in all sectors of an economy and is not specifically designed to service sector.

### **2.1.7. ATM Banking Practice in Ethiopia**

Surely the banking industry in Ethiopia is underdeveloped and therefore there is an all immediate need to embark (start) on capacity building arrangements and modernize the banking system by employing the state of the art technology being used anywhere in the world. With a growing number of import-export businesses, and increased international trades and international relations, the current banking system is short of providing efficient and dependable services and therefore all banks operating in Ethiopia should recognize the need for introducing electronic banking system to satisfy their customers and meet the requirements of rapidly expanding

domestic and international trades, and increasing international banking services. Undeniably the largest state-owned bank, Commercial Bank of Ethiopia, introduced ATM service for local users in 2001 with its fleet of eight ATMs located in Addis Ababa. Moreover, CBE has had Visa membership since November 14, 2005. However, due to lack of appropriate infrastructure it failed to reap the fruit of its membership. Despite, being the pioneer in introducing ATM based payment system and acquired Visa membership. Available services on CBE ATMs are: Cash withdrawal, Balance Inquiry, Mini statement, Fund transfer between accounts attached to a single card and PIN (Personal Identification Number) change. Currently, the bank gives debit service only for Visa cards. CBE clients can withdraw up to 10,000 birr in cash and can buy goods and services of up to 100,000 birr per day. Expanding its leadership, CBE has begun accepting MasterCard in addition to Visa credit cards it began serving over four years ago the first ever electronic banking gateway was signed between Ethiopian Commodity Exchange (ECX) and CBE. The electronic banking system being developed with CBE is designed to give a secure electronic data sharing gateway between clients, banks and ECX, facilitating a smooth transaction (AbiyDemilew, 2008) 24 ATM technology evolution most inventions have happened due to sheer necessity and ATM is one of them. The history of ATM is full of interesting facts of which some are known and others unknown.

## **2.2. Empirical Review**

Kwame et al, (2012) conducted their study to finding out if Automated Teller Machines (ATMs) meet the expectations of the customers and what constrained their use by the customers in Ghana, Accra. The study covered five selected bank's branches. From total ATM users, 120 respondents (customers) were randomly sampled and 10 staffs were selected purposively. The data were analysed using SPSS. The findings revealed that the inadequate education given to users of ATMs and the functional limitations identified with the machines were major contributors to customers' unpleasant experiences at the ATM points. The study recommended that education given to customers on the use of the ATM should be improved and dummy ATMs be installed in the banking halls to facilitate practical training of prospective users KanikVerma (2014) conduct comparative study on'' analysing the satisfaction level of customers of Union Bank of India and Yes Bank based on various aspects related to ATMs''. In the study, data related to various aspects of ATMs services like location of ATMs, processing time, availability of cash, quality of notes, ATMs grievances settlement, safety & security, sufficient numbers of ATMs etc. was collected from 40 ATMs users of Union Bank of India

and Yes Bank through convenient sampling, and the data were analysed by using statistical technique and tools like Descriptive Statistics, Percentage Method, and Ranking Method. The findings reveals that ATM services of public sector bank are providing more satisfactory services as compared to public sector bank in this study. Therefore private sector banks should concentrate their attention on ATM services quality to improve customer satisfaction. Majority of the respondents in both the banks dissatisfied with the ATM Grievance settlement and sufficient number of ATMs in city, working conditions, cash availability, quality of notes . The study suggested that bank administration should concentrate on proper mechanism on Grievances settlement; besides that, customers' data is increasing day by day correspondingly the number of ATMs should be increased, so it leads to customers' satisfaction.

Melba and Thanga (2013) study on " issues and challenges faced by ATM customers of state bank of India in south Tamilnadu" To achieve the study's objective, structured questionnaire was prepared and distributed to customers of State Bank of India in south , Tamilnadu, from three district branches in 120 samples were selected through Simple Random sampling method. The data collected was analysed through Percentages, Chi -square test and Weighted Average Method is applied for the analysis of data. The study shows that a considerable number of customers have access to this machine and are consequently utilizing them for multi-purpose transactions, despite its challenges and shortcomings such as long queuing at ATM counter, inconvenience in operating ATM, and inadequate awareness. finally, the study recommends banks to provide adequate guidance to use ATM cards to avoid problems faced by customers, and to install additional ATM's in order to minimize customer's transaction time.

Abebe (2013) conducted exploratory study on entitled " ATM service quality and customers' satisfaction in Ethiopian banks", Zemen , Dashen, and Commercial Bank of Ethiopia in Addis Ababa were study's target population from them 150 respondents were selected through quota sampling method . Study results shown that majority of the customers are satisfied with ATM banking service regarding accuracy and ease of use. But some of the customers felt that ATM service of their banks have to be improved for their utmost satisfaction regarding convenience and responsiveness.

Ephream (2016) conducted his masters' thesis on "assessment of ATM Banking service and satisfaction of customers in Ethiopian private Banks case of PSS member banks". The study used descriptive research design and the target population of the study was six PSS member private banks inFyery (2015) conduct study entitled " ATM adoption of customers in commercial bank of Ethiopia in Mekelle city". The study used descriptive design and the target population of the study was

confined on ATM users of commercial bank of Ethiopia in Mekelle city, Mekelle branch. 130 samples of ATM users were selected and structured questionnaire collected from respondents they were selected conveniently. Collected data was analyzed using descriptive analysis such as frequency, percentage, and mean. The result has shown that ATM adopters in the bank use only limited types of services predominantly cash withdrawals. Finally, the study 32 recommends the bank to increase its promotion by focusing on improving customers' awareness towards the technology and the different types of services ATM provides.

## CHAPTER THREE

### 3. RESEARCH DESIGN AND METHODOLOGY

#### 3.1. Research Approach

The two basic research approaches are quantitative and qualitative research. Both types have different purpose. Qualitative research is description –based. Qualitative researchers observe and interview people. A quantitative research statistical base it is involving questions that can best be answered in numbers.to get the statistics, researches often conduct experiments or give surveys. They analyze the numbers with statistical model to see what the data tells them. The quantitative research approach is best to conduct this research.

#### 3.2 Research Design

The Descriptive design is type of research method it is commonly conducted to collect detail description of existing phenomena with the intent of employing data to justify current conditions, and the descriptive design is one in which information is collected without changing the environment, and also whenever possible to draw valid general conclusions from the facts discovered.

#### 3.3 Source of Data;

**3.3.1 Primary source** of data use in order to meet the objective of the study, there are original materials on which research is based. That is present information in its original form, case of this research use questioners to get original data from the customer of the commercial bank of Ethiopia in the sheromeda branch.

**3.3.2 Secondary sources** of data offer previously used by other body such as articles, and books. The study has highly focus on primary and based on the data collected, results are interpreted where the data is gathering through adapted structured questionnaires and interview originate.

### 3.4. Target Population of the Research

The target population is the entire population in the study area 11652 user of ATM service and more focuses the target population of the study is commercial bank of Ethiopia sheromeda branch ATM service all users including branch employees.

### 3.5 Sampling Size Determination

Sample size must be result in a truly representative sample with reasonable confident level and small sampling error (Kothari, 2004). From the target population of selected Ethiopian commercial banks in the sheromeda branch ATM users, convenient sampling method was adopt because it is the most accessible method for reaching the users of ATM. The sample size of the study was determined by statistical formula that was developed by Yamane (1967).

$$n = \frac{N}{1 + N/(e^2)}$$

Where, n = number of sample size

N = Total number of study population

e= indicate the study error.

$$n = 11615 / 1 + 11615 / (0.06)^2$$

$$= 11615 / 42.814 = 271$$

### 3.6. Sampling

The study type non probability and the sample unite is Convenience and purposeful sampling in which researcher choosing members of population to participate in the study. From the target population is selected through Convenience sampling due to the easy access to data, cost effectiveness and easy manageability of the study and the sample for this study is ATM user and officers working in the branch 271 samples.

### Sample represents show in the table

	Description	Population	Represent	Sample technique
	Employees in branch	37	18	Purposeful
	Customer	11615	253	Convenience
	Total	11652	271	Both

### 3.7 Data Collection Instrument

The data collection Instrument is different kind such as interview, observations, and questionnaire and so on. The case of this research paper used questionnaire, the reasons to select this instrument it can be easily prepare and take some amount of time to work on this Instrument. In addition to this, the respondents are free to reflect what they are asked to fill or answer, when the questioner is distributing for employee and respondents. Question has comprising 5 point linker's scale that ranged in agreement from (1) strong disagreement to (5) strong agreement form of instrument. The questionnaires have a great importance in assessing the customer satisfaction of ATM service in commercial bank of Ethiopia sheromeda branch

### 3.8. Statistical Tools Used for Data Analysis

SPSS (Statistical Package for Social Sciences) version 22.0, the statistical tests used to data analysis include descriptive statistics such as frequency and percentages. Researcher is using it to calculate the data for analyzing the situation by using frequency and percentages. SPSS is compute between various aspects of ATM regarding their level of satisfaction and the rank determine overall satisfaction of customers, by assess the variables, by using data quantify and analysis. There are benefit, challenge and customer satisfaction with ATM service examination.

### 3.9 Reliability

Descriptive design the strategy of the research and the reliability of the state which is how the collect data free from random error check. For any measurement to be valid, it must first demonstrate reliability (Frey et al, 2000). So, the data collect should be check whether it is valid or not. To check it validity, it is important to use Cranach's alpha test and it is acceptable if it results more than 0.71.

### **3.10. Validity**

Validity is the degree to which at least measures what it intend to measure (Creswell, 2009). Validity defined as the accuracy and meaningfulness of the inferences which are based on the research results. It is the degree to which results obtained from the analysis of the data actually represents the phenomena under study. It contends that the validity of the questionnaire data depends on a crucial way the ability and willingness of the respondents to provide the information requested. A pilot study was conducted to refine the test instrument which is a sample of 15respondent's questionnaires before administering the final phase. Issues raise by respondents are correct and questionnaires are refine. Finally, the improve versions of the questionnaires were used to ensure the validity.

### **3.11. Ethical considerations**

This study paper strictly obeys to the ethical principles with respect to the data use in the work. First, revisiting the literature all the ideas and concept taken from other scholars are acknowledge. Starting from the questionnaire, respondent's identity and their personal opinions are only use for the research purpose and the data use for the research purpose is also in a way that never harm and any other problems on the respondents. Only use for the purpose of research and the written notes is not passing to the third party at any circumstances.



## CHAPTER FOUR

### 4. DATA presentation and analysis

Data Analysis and presentation the primary concern of this study is to assess the customer satisfaction of the ATM service in commercial bank of Ethiopia sheromeda branch. It uses a table' forms which convey information that has been converted into words and help to easily understand. Out of 271 questionnaires are properly respondent 243 questionnaires the remain 18 is not returned and 10 incorrect filled. Collected and used data analysis as shown below table

#### 4.1. Demographic information of the respondents

Variables	Category	Frequency	Percentage
Gender	Male	164	67.5
	Female	79	32.5
	Total	243	100
Age	18-30	150	61.7
	31-40	76	31.3
	41-50	15	8.2
	Above 50	2	0.8
	Total	243	100
Educational status	Masters and above	20	8.2
	Degree	137	56.4
	Diploma	49	20.3
	Below diploma	13	5.3
	Certificate	24	9.9
	Total	243	100

As reveal in the above table 4.1, 79 of the respondents are females and 167 of the respondents are male total 243 respondents. Therefore the above table shows majority of the respondents are male. according to respondents' age from 18-30 years of the respondents are 150, age from 31-

40 years respondents are 76, age from 41-50 respondents are 15, and the ages of 51 and above years 2. then this reveals as that most of the ATM card holders are youngsters. According to educational level of respondents from the above table we can understand that 24 of the respondents are certificate, 13 of the respondents are below diploma, 49 are completed diploma, 137 respondents BA degree graduate, and the rest 20 respondents have an education level of masters' degree and above. Then we can conclude that almost all of the respondents are well educated and majority respondents are BA degree graduated

Table 4.2. descriptive statistics –benefit

No		N	Minimum	Maximum	mean	Std. Deviation
1	ATM provides sufficient service for the customer within 24 hours.	243	1	5	3.146	1.203
2	ATM saves transport and time cost by bringing self-service banking into	243	1	5	3.84	1.175
3	ATM service process transaction much faster, saving time.	243	1	5	4.38	0.982
4	ATM service helps to monitor my bank account outside of bank hours.	243	1	5	4.22	1.071
5	ATM provides an opportunity to solve financial problems any time.	243	1	5	4.14	1.074
6	ATM provides service in multiple locations, making easy access for finance.	243	1	5	4.25	0.978
7	ATM increase safety as it avoids carrying cash.	243	1	5	4.48	0.901
8	ATM makes it withdrawing of many possible at any time, day and night.	243	1	5	4.12	1.054
9	ATM avoids filling bank forms (paper work) which is time taking.	243	1	5	4.47	0.799
	Total	243	1.00	5.00	4.15	1.026

In general, the score with the maximum possible score being 5, and the actual average mean score is greater than half 4.15 with a standard deviation of 1.026. This implies that customers get benefit on the ATM service. The results of specific items of the benefit dimension service recipients convince their satisfaction.

The evaluation of customer benefit dimension based on the average respondents rating of the nine items. The descriptive statistics points that overall mean of the dimension computed to be 4.15. The deviation shows that how diverse are the responses of customers for a given statement or construct in proportion to the mean value.

Specifically description the customer benefits from the ATM service have nine items stated with mean score. The highest score mean from the dimension of customer gain benefit on ATM service, there are the service process transaction much faster and saving time mean 4.38, it helps to monitor my bank account outside of bank hours mean 4.22, it provides an opportunity to solve financial problems any time mean 4.14, ATM provides service in multiple locations mean 4.25, ATM increase safety as it avoids carrying cash mean 4.48, it withdrawing of many possible at any time mean 4.12, and it avoids filling bank forms (paper work) which is time taking mean 4.47 and also relatively low mean score there are ATM provides sufficient service for the customer within 24 hours mean score 3.46; it saves transport and time cost by bringing self-service banking into convenient locations mean 3.84, each item display what level the customer gets advantage from the ATM service.

When we consider the key informants response approves the overall customer benefit dimension means score is 4.15. It shows the deviations in this case are relatively high in comparison with the average point. The average point means in which the case of analysis a given point that over all mean score 4.15 it below 2.50 indicate that failed and above 2.50 point it is positive. therefore we can understand from this result the ATM service has high benefit to the customer and strengthen their work and easy life.

**Table .3. Challenge face**

descriptive statistics -Challenge face						
No		N	Minimum	Maximum	Mean	Std. Deviation
1	There frequent interruption of ATM service due to Interruption of electric power.	243	1	5	2.85	1.167
2	Customers lack of knowledge to reading out instruction during performing ATM transaction.	243	1	5	3.23	1.514
3	In case of errors during transaction the banks did not give me quick response.	243	1	5	3.26	1.251
4	There are cases in debiting the account without dispensing cash.	243	1	5	2.71	1.317
5	The ATM charge is expensive compared to the service it	243	1	5	3.14	1.475
6	Getting enough amount of money during withdrawal may not be possible.	243	1	5	3.39	1.279
7	Sometimes, the ATM machine does not work at all, not maintained rapidly.	243	1	5	2.53	1.224
8	Difficult to view the content of ATM menu when because of reflection of the sun light.	243	1	5	3.09	1.362
	<b>Total</b>	<b>243</b>	<b>1.00</b>	<b>5.00</b>	<b>3.025</b>	<b>1.324</b>

In the most case, the score with the maximum possible existing 5, and the actual average mean score is above half 3.025 with a standard deviation of 1.324. This indicates that customers assure that challenge face on the ATM service. The results of specific items of the challenge face dimension service recipients convince their dissatisfaction.

The evaluation of challenge face on the ATM service, the customer complains dimension based on the average respondents rating of the eight statements. The descriptive statistics points that overall mean of the dimension count up the mean score 3.025. From the above analysis the challenge face dimension of customer on the ATM service, the mean score of each statements are; the ATM service due to Interruption of electric power is mean 2.85, Customers lack of knowledge to reading out instruction during performing ATM transaction is mean 3.23, problem during transaction the banks did not give quick response is mean 3.26, cases in debiting the account without dispensing cash is mean 2.71, the ATM charge is expensive compared to the service is mean 3.14, getting enough amount of money during withdrawal is mean 3.39, periodically the ATM machine does not work at all, not maintained rapidly is mean 2.53, and inconvenient to view the content of ATM menu when because of reflection of the sun light is mean 3.09.

As the data analysis, the key informants' opinion confirms that the challenge face on the ATM user during the practice, there are the highest respondent attempts response to relate the issue from the province problem such as customer like system problem due to power supply cut and telecommunication service in interruption relation to network, out of cash ATM machines, wrong transactions, mismatch balance of customers Account shown at ATM, unsuitable location, and low awareness about how to familiar with new coming of technology these service accessible only to the top ties of economic affordable people it shows. The overall dimension the challenge face on the customer is the mean score 3.025 according to the analysis of the ATM users on each statement is above eight which indicates computed over all mean score 3.025. The deviations in this case are relatively high in comparison with the average point. The overall result implies most of the respondents assure that there is problem face on ATM service during practice.

**Table .4. Customer satisfaction level**

<b>descriptive statistics –customer satisfaction</b>						
<b>No</b>		<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>1</b>	The ATM is placed in convenient and accessible locations, maintaining my security and privacy.	243	1	5	3.63	1.247
<b>2</b>	I get faster transaction from additional ATM service whenever I go.	243	1	5	3.86	1.077
<b>3</b>	I always receive a receipt from the ATM service on my financial transaction.	243	1	5	2.28	1.309
<b>4</b>	I get a prompt response from the bank to solve ATM transaction related problem.	243	1	5	2.89	1.307
<b>5</b>	The charge for getting service from any bank’s ATM terminals is fair.	243	1	5	3.45	1.345
<b>6</b>	The availability of ATM service inside the bank makes me confident to withdraw money if the outside ATM does not function.	243	1	5	3.30	1.374
	Total		1.00	5.00	3.235	1.052

The evaluation of customer satisfaction dimension based on the average respondents rating of the statement .The descriptive statistics points that overall mean of the dimension calculated to be 3.235 with a standard deviation of 1.052. This indicates that customers assure increase satisfaction level of customer on the ATM service. The dimension of customer satisfaction level has six statement there are; The ATM is placed in convenient and accessible locations and maintaining my security and privacy, we get faster transaction from ATM service, we always receive a receipt from the ATM service on my financial transaction, we get a prompt response from the bank to solve ATM transaction related problem, the charge for getting service from any bank’s ATM terminals is fair, the availability of ATM service inside the bank makes us confident to withdraw money if the outside ATM does not function. The mean score of six statements are 3.63, 3.86, 2.28, 2.89, 3.45, and 3.30 respectively and the overall dimension of customer satisfaction level computed mean score 3.235. it shows The deviations in this case are also relatively high in comparison with the average point. The result indicate that increase the satisfaction level on the ATM service.

## CHAPTER FIVE

### SUMMARY OF FINDING, CONCLUSIONS AND RECOMMENDATIONS

The findings which are found from the primary source of the study are Summarize, conclude and the researcher give his own recommendation in this chapter.

#### 5.1 Summary and conclusion

The main objective of this study is examine the Assessing the Automated Teller Machine(ATM) service of Commercial Bank of Ethiopia in sheromeda branch and The specific objectives of the study are to determine the benefit of customer, challenge face ,and the customer satisfaction level on the ATM service.

The study try to answered the following research questions with stated the main finding

1. What are the benefits that customers get from ATM services? The main finding indicates that over all mean score is 4.15 it imply that the customer convince better benefit from the ATM service.
2. What are the challenges faces an ATM users are during the practices? The comprehensive of mean score 3.025 it indicate that the customer assure the challenge face on the ATM practice.
3. What level of customers' satisfaction are functions of ATM services? The customer given recognizes increase customer satisfaction level with 3.235 over all mean score.

To the more description the mean response of the ATM users on each statement which indicates that most of the respondents were recognized benefit on ATM service, and the finding related with the existing literature. In other word, over all mean score imply that customers are better convinced, or agreement on the statements; ATM provides sufficient service for the customer within 24 hours, it saves transport and time cost by bringing self-service banking into convenient locations, ATM service process transaction much faster and saving time, it helps to monitor my bank account outside of bank hours, it withdrawing of many possible at any time, and it avoids filling bank forms (paper work) which is time taking. Then over all mean score to the nine items on ATM service benefit dimension to the customers has indicated (4.15). This shows that the mean of the responses on all the statements can be taken as the customers have agreed on ATM

service dimension categorized under. Therefore answered of research questions earliest from the other the ATM service benefit to customer. The mean responses of the ATM users on each statement assure the challenges face an ATM service; there is frequent interruption of ATM service due to Interruption of electric power, Customers lack of knowledge to reading out instruction during performing ATM transaction, In case of delusion during transaction the banks did not give us quick response, we getting enough amount of money during withdrawal, periodically the ATM machine does not work at all, not maintained rapidly, inconvenient to view the content of ATM menu when because of reflection of the sun light. The overall mean of the eight statements on ATM service challenge face dimension to the customers are mean score (3.025). This shows that the mean of the responses on all the statements can be taken as the customers have agreed the challenge face on ATM service dimension and the finding related to the existing literature. Therefore the following dimension which says the ATM user concludes the challenge face the customer during practice. The last dimension described the mean response of the ATM users on each statement which indicates that most of the respondents were assured increase customer satisfaction level on ATM service. There is The ATM is placed in convenient and accessible locations, maintaining my security and privacy, we get faster transaction from ATM service whenever we go, we always receive a receipt from the ATM service on my financial transaction, we get a prompt response from the bank to solve ATM transaction related problem, the charge for getting service from any bank's ATM terminals is fair, and the availability of ATM service inside the bank makes me confident to withdraw money if the outside ATM does not function. When we see the mean of mean of the responses of the ATM users on the six statements it is 3.235 which implies ATM service quality with regard to convenience make respondents satisfied. In this research assessment of the attitude of the ATM users towards reliabilities of ATM service quality dimension is made using all statements.

The issue the Satisfaction of customer, for instance most of the respondent recognize increase satisfaction of customer and the majority of respondents are satisfy that ATM is convenient place and accessible locations, maintaining customer security and privacy, and also respondents are reply to gets faster transaction from ATM service, beside this the more customer say the charge for getting service from any bank's ATM terminals are fair, and customers reply get service inside the bank makes withdraw money if the outside ATM does not function.



Therefore the customers gets more advantage from ATM service, and they assure that customers' satisfaction level has improved , however the customers faces number of challenge during practices.

## **5.2 Recommendations**

The researcher based on the findings and conclusions give the following recommendation which will be helpful the commercial bank of the Ethiopia in the sheromeda branch.

The study found that there are more males ATM subscribers than females in the study area, and educational statues BA degree high number that would target female customers in order to increase the patronage of women in the use of the branch ATM. Management should also conduct frequent education on all the services the ATM can offer to customers. It was found that majority of the subscribers are within the age ranges 18 - 40 years give the following suggestion which will be helpful the branch

- The bank should change position of ATM to solve a difficult to view the content of ATM menu when because of reflection of the sun light.
- The bank should provide sufficient professional employees and immediately solve the problem, the case of errors during transaction.
- The bank should supply generator, for the frequent interruption of electric power.
- The bank should adjust system to receive receipt from the ATM service on the financial transaction.
- The customer gets faster transaction from ATM service and the bank security and privacy dimensional of service is good according to the customers' response. Therefore based on this the bank must be continue and improve the existing practices in secured ATM service, safe place to with draw money.

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# ATTACHMENT OF THE RESEARCH

ST. MARY'S UNIVERSITY

## SCHOOL OF GRADUATE STUDIES

The objective of this study is to assess customer Satisfaction on the ATM Service of Ethiopian commercial Bank in sheromeda branch after implementation of additional ATM service. Then, this questionnaire is design to collect data from the respondents (customers) and employees of the branch to evaluate benefits, challenges, and customers Satisfaction on the ATM banking service. This is to enable the researcher AberaHabte a final year graduate student, in pursuance of general management inST. MARY'Suniversityschool of graduate studies, to conduct a research on the topic: assessment of customer satisfaction level on ATM service of Ethiopian commercial Bank in Sheromeda branch after additional ATM service.

General Guidelines This questionnaire has Respondent's general information and indicate the following alternative information, please by ticking (√) on the spaces provided in front of the each option.

### General information

1. Gender; A) Male  B) Female

2. In which age group are you?

A) 18-30  B) 31-40  C) 41-50  D) 51& above

3. What is your current Educational Qualification?

A) MSC and above graduated  B) BA graduated

C) Diploma graduated  D) below the diploma

E) Certified like CIA (Certified internal auditor), ACCA 7

F) Others qualification: please specify



**Table 4.2. Benefits of ATM Service to Customers**

<b>No</b>	<b>Description of the Items</b>	<b>Strongly disagree(1)</b>	<b>Dis agree(2)</b>	<b>Neutral (3)</b>	<b>Agree (4)</b>	<b>Strongly agree(5)</b>
1.1	ATM provides sufficient service for the customer within 24 hours.					
1.2	ATM saves transport and time cost by bringing self-service banking into convenient locations.					
1.3	ATM service process transaction much faster, saving time.					
1.4	ATM service helps to monitor my bank account outside of bank hours.					
1.5	ATM provides an opportunity to solve financial problems any time.					
1.6	ATM provides service in multiple locations, making easy access for finance.					
1.7	ATM increase safety as it avoids carrying cash.					
1.8	ATM makes it withdrawing of many possible at any time, day and night.					
1.9	ATM avoids filling bank forms (paper work) which is time taking.					

**Table 4.3. Challenges faced by ATM users during usage of ATM Service**

	<b>Description of the Items</b>	<b>Strongly disagree(1)</b>	<b>Dis agree(2)</b>	<b>Neutral (3)</b>	<b>Agree (4)</b>	<b>Strongly agree (5)</b>
1.1	There frequent interruption of ATM service due to Interruption of electric power.					
1.2	Customers lack of knowledge to reading out instruction during preforming ATM transaction.					
1.3	In case of errors during transaction the banks did not give me quick response.					
1.4	There are cases in debiting the account without dispensing cash.					
1.5	The ATM charge is expensive compared to the service it					
1.6	Getting enough amount of money during withdrawal may not be possible.					
1.7	Sometimes, the ATM machine does not work at all, not maintained rapidly.					
1.8	Difficult to view the content of ATM menu when because of reflection of the sun light.					

**Table 4.4. Satisfaction level on ATM banking service with various aspects**

	<b>Description of the Items</b>	<b>Strongly disagree(1)</b>	<b>Disagree(2)</b>	<b>Neutral (3)</b>	<b>Agree (4)</b>	<b>Strongly agree (5)</b>
1.1	The ATM is placed in convenient and accessible locations, maintaining my security and privacy					
1.2	I get faster transaction from additional ATM service whenever I go.					
1.3	I always receive a receipt from the ATM service on my financial transaction.					
1.4	I get a prompt response from the bank to solve ATM transaction related problem.					
1.5	The charge for getting service from any bank's ATM terminals is fair.					
1.6	The availability of ATM service inside the bank makes me confident to withdraw money if the outside ATM does not function.					

If you have additional idea-----  
 -----  
 -----  
 -----  
 -----

## Action plan

### assessment of customer satisfactions on the ATM service in commercial bank of Ethiopia sheromeda branch.

The proposal should include the sequence of tasks to be performed, the anticipated length of time required for its completion and the personnel required, The proposal may also include a material such as computer and paper in addition need budget for each items

#### Implementation Action plan expects to conduct research

-data collection

-other direct cost

-Transportation cost

NO	Description of item	Quantity	Amount pay by each	Time period	Total cost
1	Data collector	2	1500 birr	Require length of time	3000 birr
2	Photo copy&printing	-	-	Require length of time	1000 birr
3	Transport cost	-	-	Require length of time	500
4	Over head cost	-	-		500
	<b>Total</b>				<b>5000 birr</b>

**Note;** this action plan modifying time from time it necessary up to final of research