CHAPTER – ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

"The idea of self service in retail banking developed through independent and simultaneous efforts in Japan, Sweden, the United States and the United Kingdom, in the USA, Luther George Simjian has been wrongly credited with developing and building the first cash dispenser machine.

Customer service may be defined as a process in which an organization consistently offers what the customer wants. To improve customer service, organization should divide the existing service into different service activities and set service standards for each activity, conduct customer survey periodically, provide the necessary infrastructure and advanced technology monitor changes in the environment and introduces changes in the environment and introduces changes in the service delivery process of the organization.

The slogans "The customer is king" or "the customer is god" or "The customer is always right" indicate the importance of customers to business – although the last expression is sometimes used ironically. The word derives from "custom," meaning "habit"; a customer was someone who frequented a particular shop, who made it a habit to purchase goods of the sort the shop sold there, rather than elsewhere, and with whom the shopkeeper had to maintain a relationship to keep his or her "custom," meaning expected purchases in the future.

Customer satisfaction is a long – term strategy. Just as it is difficult to radically alter perceptions of product quality over a short time horizon, too is difficult to quickly cultivate reputation for superior customer service. Consequently customer satisfaction is as competitive advantage that is sustainable over the long term (Schanaars: 1991: 19). In the past few years, subject of satisfaction is an evaluation that the chosen alternative is consistent with prior beliefs with respect to that alternative. (Engel & Blackwell: 1982:33)

There are many ways to improve customer satisfaction. Some strategies are building relationships with customers, superior customer service, unconditional guarantees, efficient

complaint handling. Customers' satisfaction leads to competitive advantage in market place by differentiation, product quality, speed, unified corporate purpose etc.

Today's organizations are leveraging technology extensively to improve their customer service and set some standard for the service they offer to their customers. Any Time Money service is one of the most visible uses of technology in Banking.

ATM is one of the computerized telecommunication devices that provide the clients of a financial institution with access to financial transactions in a public space without the need for a cashier, human clerk or bank teller.

An ATM card (i.e. Bank card, client card, key card or cash card) is a card issued by a bank, credit union or building society that can be used at an ATM for deposits, withdrawals, account information, and other types of transactions, often through interbank networks.

Some ATM cards can also be used:

At branch; as identification for in – person transactions

At merchants; for EFTPOS (point of sale) purchases

ATM cards are typically about 86×54 mm, i.e. ISO/IEC 7810 ID-1 size

Many banks charge ATM usage fees. In some cases, these fees are charged solely to users who are not customers of the bank where the ATM is installed; in other cases, they apply to all users. Where machines make a charge some people will not use them, but go to a system without fees.

ATM service provided by different Banks in Nepal has been growing by both quality as well as volume. Though, most of the Banks with ATM service have their own set of service standard. There is no any research done on customer defined service standard for these banking facilities. So, this study is based on customer expectation for ATM service inside and outside Kathmandu valley.

Banks are increasing their technology-based service options to remain competitive. 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, cheque book requests, and other financial enquiries. Researchers have stated that users' satisfaction is an essential determinant of success of the technology-based delivery channels.

1.2   STATEMENT OF THE PROBLEM

There is no customer defined service standard of ATM service in Nepal. Moreover Bank's define their service standard based on Kathmandu valley customer only, they don't feel need to research customer expectation outside Kathmandu valley. It is important to know what customer expect and how company perceived customer expectation and how to minimize this gap between company and customer.

Therefore there is a need to understand users' acceptance of ATM service, and need to identify the factor that can affect their intention to use ATM service. The issue is important because the answer hold the clue that will help the banking industry to formulate their marketing strategies to promote new form of internet banking systems along with ATM in future.

Any organization has to sustain in today's competitive condition. To reach the sustainability and be an excellent performer, it is most important to observe whether the organization is performing well adopting new technology. Different studies suggest that this is possible to use E- banking and it gets success only in case of efficient market where voluminous financial transactions are performed and customers are well known in IT. Many scholars and specialists studied about E-banking and its implications in the economy in international standard. But, in case of Nepal, no sufficient study has been conducted previously. Until and unless there is not conducting such study, how can financial institutions take decision to adopt the technology? Similarly, how we assume quickly that the consumers will adopt the electronic technology? And how can be determined that the electronic banking affect the competitive position if bank and other financial institutions? So, E-banking system is needed to test the validity and reliability.

There has been less research on satisfied customers to determine what it takes for a satisfied customer to change. Why take a chance on more satisfaction? Loyal customers don't leave even for an attractive offer elsewhere. At the very minimum they will give you the

opportunity to meet or beat the other offer. Maintaining loyal customers is an integral part of any business.

The following are the issues of the study:

1. What is the position of ATM services inside and outside Kathmandu Valley?
2. What is the perception of customer's about ATM services?
3. Whether customer's and Banks are getting advantage and satisfaction from ATM services or not?

1.3 OBJECTIVES OF THE STUDY

The main objective of the study is to determine the position of ATM services provided by Everest Bank Limited in inside and outside of Kathmandu Valley.

The following are the specific objective of the study:

i. To compare service standard of ATM service inside & outside Kathmandu valley

ii. To identify and assess the customers' perception about ATM service standard

iii. To assess the habits, popularity and wide growing acceptance and uses of ATM cards.

iv. To suggest and recommend for making improvements based on the findings of the study

1.4 SCOPE OF THE STUDY

To find out the use and practice of ATM cards and to come with real facts and figures based on research is actually the need of the time and this research. This study is needed for following purposes:

i. This study really helps us to know about ATM card user, their compatibility with ATM card, and their expectations toward banking facilities of ATM service.

ii. Comparison of customer defined service standard of ATM service can be done between the people inside and outside Kathmandu valley.

iii.   Moreover the study is also useful to understand the standard of ATM card set by Banks in comparison to customer.

1.5   ORGANISATION OF THE STUDY

The research work has been designed into the following five chapters-
   i.   Introduction
  ii.   Review of literature
 iii.   Research methodology
  iv.   Presentation and analysis of data
   v.   Conclusion and recommendation

The introduction chapter includes the topics such as background, statement of the problem, objective of the study need of the study, limitation of the study and organization of the study. The second chapter includes review of literature. The third chapter the research methodology is completely related with the data collection activities and about how the whole research work is completed. In next chapter, there is the presentation and analysis of data. At last summary or conclusion of the study is drown and on the basis of conclusion drown, some suggestion are offered to solve the existing problems, thus the whole research work will be ended.

1.6   LIMITATION OF THE STUDY

There are some limitations of this study, which are as follows:
   ➢ This research is based on limited year
   ➢ The study is based on the availability of realizable data and literature
   ➢ Data used in this study are primary as well as secondary. But primary data have been collected from Kathmandu valley only
   ➢ There is no way to find whether the data collected from secondary source are reliable or not.

CHAPTER – TWO

REVIEW OF LITERATURE

2.1   INTRODUCTION

An automated teller machine, also known as ATM, is basically a computer with a built in telecommunication access facility device. An ATM mainly does the work of providing access to your bank account and thus allowing you to withdraw cash and too, without a cashier or a bank teller. The customer has to insert his card into the card reader slot of the ATM and then has to punch in certain computer keys and respond to the prompts on the screen. Within few minutes of your time, you start walking out with cash in your hand. Of course, the cash withdrawn is from your concerned bank account. Such is the level of modern banking facility.

An ATM, allows the customer of the bank to even check their account balances. You can also deposit cash in your account by using the automated teller machine. With the existence of the automated teller machines, banks have been able to lower their operating costs and they are now able to handle more banking transactions of the customers in a short time and just by using computers and a telephone line. By providing this ATM facility, the customer can get access to his funds during emergencies. For instance, today is a Sunday and being a bank holiday, the customer will not visit the bank. But he knows that he can fulfil the purpose of withdrawing his money on a Sunday just by visiting a nearby ATM.

So if you are suddenly short of cash and you need money, at that time, all you have to do is just visit the automated teller machine. These days, we can find the automated teller machines even in places like supermarkets, travel centres etc. With this ATM facility, funds are made available to you even when you are situated in another country. When you use a credit card for using money that you don't have, you will then receive a monthly bank statement, whereby you have to pay. You can also use a debit card. A debit card instantly deducts money from your available saving account and thus provides you with hard cash. This cash is from your available bank balance. So if you don't have the required amount of cash available in your bank balance, the automated teller machine will prompt you saying "no sufficient balance".

These machines are connected to a host computer and from that point of contact; the line is diverted to the concerned bank. So when a banking transaction process has to happen, it is the host computer which is responsible for doing the main work of receiving and processing the data for executing the concerned banking transaction. Banks may use a normal telephone line or a leased line for connecting the automated teller machine with the host computer. Normally, it is the leased line connectivity that is preferred in order to handle more traffic efficiently. But leased line machine connectivity is more experience compared to dial up ATM facility.

The ATM has replaced the traditional way of banking service. The customer can now withdraw money from the bank in a matter of minutes. The most important thing to be considered is that the customer can withdraw his own money from the bank at his own convenient time. All this is possible with the help of the automated teller machine. As soon as the money is withdrawn from the automated teller machine, a mini receipt pops out from the ATM, giving current banking transaction details and his balance amount. Hence, he gets an update of his bank balance, which can be compared to a bank statement on a bank passbook. The automated teller machine is equipped with built in security a feature which is compatible with international standards and thus ensuring a risk free banking service.

Automated teller machines (ATMs) were the first well-known machines to provide electronic access to customers. With advent of Automatic Teller Machines (ATM), banks are able to serve customers outside the banking hall. ATM is designed to perform the most important function of bank. It is operated by plastic card with its special features. The plastic card is replacing cheque, personal attendance of the customer, banking hour's restrictions and paper based verification. ATMs have made hard cash just seconds away all throughout the day at every corner of the globe. ATMs allow you to do a number of banking functions – such as withdrawing cash from one's account, making balance inquiries and transferring money from one account to another – using a plastic, magnetic-strip card and personal identification number issued by the financial institution.

Alternative Use of ATM

Although ATMs were originally developed as just cash dispensers, they have evolved to include many other bank-related functions. In some countries, especially those which benefit from a fully integrated cross-bank ATM network (e.g.: Multibanco in Portugal), ATMs include many functions which are not directly related to the management of one's own bank account, such as:

- Deposit currency recognition, acceptance, and recycling

- Paying routine bills, fees, and taxes (utilities, phone bills, social security, legal fees, taxes, etc.)

- Printing bank statements

- Updating passbooks

- Loading monetary value into stored value cards

- Purchasing

  - Postage stamps.

  - Lottery tickets

  - Train tickets

  - Concert tickets

  - Movie tickets

  - Shopping mall gift certificates.

- Games and promotional features

- Fast loans

- Donating to charities

- Cheque Processing Module

- Adding pre-paid cell phone / mobile phone credit.

- Paying (in full or partially) the credit balance on a card linked to a specific current account.

- Transferring money between linked accounts (such as transferring between checking and savings accounts).

Increasingly banks are seeking to use the ATM as a sales device to deliver pre approved loans and targeted advertising using products such as ITM (the Intelligent Teller Machine) from Aptra Relate from NCR. ATMs can also act as an advertising channel for companies to advertise their own products or third-party products and services.

2.2   CONCEPTUAL FRAMEWORK

2.2.1 SATISFACTION

Customer has some expectation and when customers get what they desired there appears satisfaction. If customer expected value meets with company defined standard then there is satisfaction. Virtually all self-reports of customer satisfaction possess a distribution in which a majority of the responses indicate that customers are satisfied and the distribution itself is negatively skewed" (Peterson and Wilson: 1992:62) customer satisfaction is the act of just doing enough to be acceptable to a customer. It is simply meeting basic expectations.

Banking operations are becoming increasingly customer dictated. The demand for 'banking supermalls' offering one-stop integrated financial services is well on the rise. The ability of banks to offer clients access to several markets for different classes of financial instruments has become a valuable competitive edge.

Convergence in the industry to cater to the changing demographic expectations is now more than evident. Banc assurance and other forms of cross selling and strategic alliances will soon alter the business dynamics of banks and fuel the process of consolidation for increased scope of business and revenue. The thrust on farm sector, health sector and services offers several investment linkages.

In short, the domestic economy is an increasing pie which offers extensive economies of scale that only large banks will be in a position to tap. With the phenomenal increase in the country's population and the increased demand for banking services; speed, service quality and customer satisfaction are going to be key differentiators for each bank's future success. Thus it is imperative for banks to get useful feedback on their actual response time and customer service quality aspects of retail banking, which in turn will help them take positive steps to maintain competitive edge.

The working of the customer's mind is a mystery which is difficult to solve and understanding the nuances of what customer satisfaction is, a challenging task. This exercise in the context of the banking industry will give us an insight into the parameters of customer

satisfaction and their measurement. This vital information will help us to build satisfaction amongst the customers and customer loyalty in the long run which is an integral part of any business.

The customer's requirements must be translated and quantified in to measurable targets. This provides an easy way to monitor improvements, and deciding upon the attributes that need to be concentrated on in order to improve customer satisfaction. We can recognize we need to make change to create improvements and determine if these changes, after implemented, have led to increased customer satisfaction.

Satisfied customers are central to optimal performance and financial returns. In many places in the world. Business organizations have been elevating the role of the customer to that of a key stakeholder over the past twenty years. Customers are viewed as a group whose satisfaction with the enterprise must be incorporated in strategic planning efforts. Forward-looking companies are finding value in directly measuring and tracking customer satisfaction as an important strategic success indicator. Evidence is mounting that placing a high priority on CS is critical to improved organizational performance in a global marketplace.

With better understanding of customers' perceptions, companies can determine the actions required to meet the customer's needs. They can identify their own strength and weaknesses, where they stand in comparison to their competitors, chart out path future progress and improvement. Customer satisfaction measurement helps to promote an increased focus on customer outcomes and stimulate improvements in the work practices and processes used within the company.

When buyers are powerful, the health and strength of the company's relationship with its customers – its most critical economic assets – is its best predictor of the future. Assets on the balance sheet – basically assets of production – are good predictors only when buyers are weak.

So it is no wonder that the relationship between those assets and future income is becoming more and more tenuous. As buyers become empowered, sellers have no choice but to adapt. Focusing on competition has its place, but with buyer power on the rise, it is more important to pay attention to the customer.

Customer satisfaction is quite a complex issue and there is a lot of debate and confusion about what exactly is required and how to go about it. This article is an attempt to review the necessary requirements, and discuss the steps that need to be taken in order to measure and track customer satisfaction.

2.2.2 STANDARDS

The following two ATM networking standards have been defined that provide connectivity between network switches and between networks:

• Broadband inter carrier interface (B–ICI)

• Public network-to-network interface (P–NNI)

P–NNI is the more feature-rich of the two and supports class of service-sensitive routing and bandwidth reservation. It provides topology distribution mechanisms based on advertisement of link metrics and attributes, including bandwidth metrics. It uses a multilevel hierarchical routing model providing scalability to large networks. Parameters used as part of the path-computation process include the destination ATM address, traffic class, traffic contract, QoS requirements and link constraints. Metrics that are part of the ATM routing system are specific to the traffic class and include quality of service-related metrics (e.g., CTD, CLR) and bandwidth-related metrics (e.g., PCR). The path computation process includes overall network-impact assessment, avoidance of loops, minimization of rerouting attempts, and use of policy (inclusion/exclusion in rerouting, diverse routing, and carrier selection). Connection admission controls (CACs) define procedures used at the edge of the network, whereby the call is accepted or rejected based the ability of the network to support the requested QoS. Once a VC has been established across the network, network resources have to be held and quality service guaranteed for the duration of the connection [2]-[12].

2.2.3 CUSTOMER SATISFACTION

Before proceeding further, it is best that one fully understands the definition of the phrase 'Customer Satisfaction'. The phrase does not only express a happy customer, but rather complex than that. Customer satisfaction is actually a term most widely used in the business and commerce industry. It is a business term explaining about a measurement of the kind of products and services provided by a company to meet its customer's expectation. To some,

this may be seen as the company's key performance indicator (KPI). In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. There is a substantial body of empirical literature that establishes the benefits of customer satisfaction for firms. It is well established that satisfied customers are key to long-term business success (Kristensen et al., 1992; Zeithami et al., 1996; McColl-Kennedy and Scheider, 2000). It also defined as a global issue that affects all organizations, regardless of its size, whether profit or non-profit, local or multi-national. Companies that have a more satisfied customer base also experience higher economic returns (aker and Jocobsson, 1994; Bolton, 1998; Yeung et al., 2002). Consequently, higher customer satisfaction leads to greater customer loyalty (Yi, 1991; Anderson and Sulivan, 1993 Boulding et al., 1993) which in turn leads to higher future revenue (Fornell, 1992; Bolton, 1998). For that matter, many market leaders are found to be highly superior-customer-service orientated. They have been rewarded with high revenue and customer retention as well. For that matter, organizations in the same market sector are compelled to assess the quality of the services that they provide in order to attract and retain their customers. Apparently, many researchers conceptualize customer satisfaction as an individual's feeling of pleasure (or disappointment) resulting from comparing the perceived performance or outcome in relation to the expectation (Oliver, 1981; Brandy and Robertson, 2001; Lovelock, Patterson and Walker, 2001). There are two general conceptualizations of satisfaction here, namely, the transaction-specific satisfaction and the cumulative satisfaction (Boulding et al., 1993; Jones and Suh, 2000; Yi and La, 2004). Transaction-specific satisfaction is the customer's very own evaluation of his or her experience and reaction towards a particular service encounter (Cronii and Taylor, 1992; Boshoff and Gray, 2004). This reaction is expressed by the customer who experiences a product or service for the first time. Meanwhile, cumulative satisfaction refers to the customer's overall evaluation of the consumption experience to date (Johnson, Anderson and Fornell, 1995); an own accumulation of contacts with services provided them from day-to-day. It is from this accumulation that customers establish a personal standard which is used to gauge service quality. However, in general, it is agreed that customer satisfaction measurement is a post-consumption assessment by the user, about the products or services gained (Churchill and Surprenant, 1982; Yuksel and Rimmington, 1988).

2.2.4 SERVICE QUALITY

Without any doubt, service quality is very important component in any business related activity. This is especially so, to marketer a customer's evaluation of service quality and the resulting level of satisfaction are perceived to affect bottom line measures of business success (Iacobucci et al., 1994). Customer expectations are beliefs about a service that serve as standards against which service performance is judged (Zrithaml et al., 1993); which customer thinks a service provider should offer, rather than on what might be on offer (Parasuram et al., 1988). To some, service quality can also be defined as the difference between customer's expectations for the service encounter and the perceptions of the service received. According to the service quality theory (Oliver, 1980), it is predicted that customers will judge that quality as ` low` if performance does not meet their expectations and quality as `high` when performance exceeds expectations. Closing this gap might require toning down the expectations or heightening the perception of what has actually been received by the customer (Parasuraman et al., 1985). According to Gronroos (1982), perceived quality of a given service is the result of an evaluation process since consumers often make comparison between the services they expect with perceptions of the services that they receive. He concluded that the quality of service is dependent on two variables: Expected service and Perceived service. Quality spells superiority or excellence (Taylor and Baker, 1994) (Zeithaml, 1988), or, as the consumer's overall impression of the relative inferiority / superiority of the organization and its services (Bitner and Hubbert, 1994; Keiningham et al., 1994-95). Consumer behavioural intentions are also influenced by the standards of service quality (Bitner, 1990; Cronin and Taylor, 1992, 1994; Choi et al., 2004).

2.3   REVIEW OF PREVIOUS THESES

1. **Dr. Manoj Kumar Das** (Assistant Professor and Dr. D. Mahaptra (Lecturer) from Galgotia College of engineering and technology, Noida, India on topic "**Measuring customer satisfaction in banking industry**". The working of the customer's mind is a mystery which is difficult to solve and understanding the nuances of what customer satisfaction is, a challenging task.

His objectives were:

a. To analyze parameters of customer satisfaction and their measurement.
b. To analyze and build satisfaction amongst the customers and customer loyalty in the long run which is an integral of any business.

His findings were:

a. He found that the customer's requirements must be translated and quantified into measurable targets. This provides an easy way to monitor improvements, and deciding upon the attributes that need to be concentrated on in order to improve customer satisfaction.
b. He recognized where he need to make changes to create improvements and determine if these changes, after implemented, have led to increased customer satisfaction.

2. "An empirical study of automated teller machine service quality and customer satisfaction in Pakistani Banks" conducted by Mr. Muhammad Asif Khan, Assistant professor from Fatima Jinnah Women University, Rawalpindi, Pakistan.

His objectives were:

a. To examine the essential dimensions of ATM service quality.
b. To analyze its effect on customers' satisfaction in the banking sector of Pakistan.

His findings were:

a. The rapid diffusion of ICT in Pakistani banking sector provides a platform to use innovative technologies to enhance operational efficiency and quality of service to attain and retain customers.
b. The rapid growth in use of ATMs in Pakistan offers opportunities to banks to use customers' passion for this innovative service for strategic advantage. The banks should proactively monitor customers' preferences with regard to use of this delivery channel for effective response.

c. Bank should focus on important aspects of security and privacy as well as efficient operation of ATMs.

d. Banks should also augment and diversify their offerings through ATM and use this medium to build a strong and sustained relationship with customers.

3. Mr. Sanjeev Kumar Chaudhary had prepared case study on the topic "E-commerce and its impact to commercial bank of Nepal" (A case study related to Bank of Kathmandu Limited) for partial fulfilment of the requirement for degree of Masters of Business Studies.

His objectives were:

a. To identify the importance of E-Commerce.

b. To explore on how E-Commerce helps in generating over all development in the field of Commercial banking sector.

c. Is to identify in what way the E-Commerce has been implemented in Nepalese commercial bank in Nepal.

d. To assess the level of knowledge and the general opinion of customers and bankers regarding E-Commerce.

e. To suggest and recommend on the basis of major findings.

His findings were:

a. Majority of the customers surveyed considered online banking as a means to operate account from anywhere. Online banking would prove to be vital for prompt service and they need not have to stand queue for hours.

b. Majority of the customers surveyed felt that using ATM cards is safer than carrying cash.

c. Only around 30% of the customers surveyed had used ATM Cards for payment of bills after shopping. The remaining 70% had not used ATM card in POS machines placed in different shopping malls and departmental stores.

d. Majority of the customers surveyed had no idea about Tele-banking. In fact 65% of those surveyed had not even heard the term Tele banking.

e. Majority of the customers surveyed had heard the term Cyber Law while the remaining had no idea about it.

f. When asked about the opinion of the customers on quality of the service of the commercial banks majority of those surveyed felt that the service was good, followed by Average who responded that the service was average. Remaining felt that the service was very good while the less people found the service is poor.

4. Thesis prepared by Bishnu Prasad Tripathi of Master's level of business studies on the topic "A Study on Internet Banking in Nepal and Necessity in Nepalese Banking System" is also useful in our research.

His objectives were:

a. To explore how internet banking is evolved in Nepal and finding the reasons for adopting it.

b. To examine the facilities provided by banks to their customer.

c. To evaluate the cost involved both for the banks and their customers.

d. To examine the opportunities and threats of adopting E-banking system in the present context.

His findings were:

a. As traditional banking system is getting replaced with modern and fast banking channels like online banking and internet banking, 58.67 percent of the consumer surveyed find to be dissatisfied with the traditional banking system only 25.33 percent were satisfied. This means majority of the bank consumer are looking for fast and convenient banking process. According to the perception of customers, most important difficulties with the traditional banking system found to be time and convenience.

b. From demographic profile it states that gender wise there are 73.33 percent male users and remaining 26.67 percent are female IB users.

5. Mandita adhikari had prepared case study on the topic "The Effectiveness of Promotional Strategy of Mobile Service in Society with sp: Reference of Mero Mobile service."

His objectives were:
a. To identify response of target audience of Mero Mobile.
b. To identify the brand awareness of Mero Mobile.
c. To identify the promotional tools adopted by Mero Mobile.

His findings were:
a. The maximum respondent age fall under 20 to 30 while having consumer survey.
b. The no. of male participate were higher than female.
c. Most of the respondents were graduate and jobholder with having average income level.
d. While buying respondents always gives preference to service features and facilities more than price.
e. Respondents buying decision regarding to mobile service highly affected by good network coverage and service features.

2.4   RESEARCH GAP

We know that banking sector has been increased in Nepal in tremendous way. So it's essential to complete them with each other in to different way providing different types of services and facilities to their customers. In this regard ATM services are also an important aspect. In developed countries its practice is common but in Nepalese context no such practices is common in to all banks and part of the country. Only limited banks have used this system and very few customers are habituated under it. So studies in this area are also very limited so it's expected that this type of research could be useful to bring change and implement in the bank's terms as well as habit of customers.

CHAPTER – THREE

RESEARCH METHODOLOGY

3.1   INTRODUCTION

Research methodology which is analyzed to collected data. Research methodology is the way for systematically solving the research problem. In other words research methodology indicates the methods and process employed in the entire aspects of the study. Research methodology refers to the various sequential steps to be adopted by a researcher in studying problem with certain object in view. So it is the methods, steps and guidelines which are to be followed in analysis and it is a way presenting the collected data with meaningful analysis. A systematic methodology is required to pick out an actual result for any special study.

Research methodology is the process of arriving at the solution of the problem through planned and systematic dealing. It refers to the various segmental steps to be adopted by a researcher in studying a problem with certain objectives in view. In other words, it describes the methods and process applied in the entire aspects of the study for analysis and interpretation of facts and figures. It is significant to have appropriate choice of research methodology that's helps to make the research study meaningful and more authentic. Therefore, here upon appropriate research methodology or research strategy has been followed to meet the proposed objectives of the study and to achieve the goals set out. The methodology of this research includes the research design, the population and sample, sampling procedure, sources of data, data collection procedure, method of data presentation and analysis, tools and techniques of analysis and respondents profile.

The basic objective of the study is to examine the Service Standard of ATM inside and outside of the Kathmandu valley. For this purpose different kinds of research methods are being used.

3.2   RESEARCH DESIGN

Research design is a specification of methods and procedures for acquiring the information needed. It is the overall operational pattern of framework, of the project that stipulates what information is to be collected from which process by what procedure. If it is good design, it will ensure that the information obtained is relevant to the research questions and that it was collected by objective and economical procedures.

The research design is the task of defining a research problem. It is a plan structure and strategy of investigation conceived so as to obtain answer to research questions and control variance (Wolf and Pant, 2003).

Research design is a plan for the collections and analysis of data. It present the series of guide post to enable the researcher progress in the right direction in order to achieve the goal. The design may be specific presentation of the various steps in the research process. This process include the selection of a research problem, presentation of the problem, formulation of the hypothesis, conceptual clarity, methodology, survey of the literature and documentation, bibliography, data collection, testing of the hypothesis, interpretation, presentation and report writing. Generally, a common research design possesses the five basic element i.e. selection of the problem, methodology, data gathering, data analysis and report writing.

As our study is concerned about service standard of ATM service inside and outside valley for Everest Bank Limited, an experimental research is used to perform the study. Survey method is being used in which a structured questionnaire given to a sample of a population and designed to elicit specific information from respondents.

The research design used two scales to collect the data. The nominal scale was used to collect personal information about respondents. Five point Like scale ranging from five (least frequent) to one (most frequent) was used to measure the response of all dimensions of ATM service quality and customer satisfaction among bank management and staffs…

3.3   SAMPLE AND POPULATION

Population is a group of objects from the sample for statistical measurement is going to be taken. The population is very large, making a census or a complete enumeration of all the values in the population impractical or impossible. Sample is the part of population which

represents the characteristics of population and suits with the research's purpose. This process of collecting information from a sample is referred to as sampling.

The best way to avoid a biased or unrepresentative sample is to select a random sample, also known as a probability sample. A random sample is defined as a sample where the probability that any individual member from the population being selected as part of the sample is exactly the same as any other individual member of the population. Several types of random samples are simple random samples, systematic samples, stratified random samples and cluster random samples.

In statistics, a statistical population is a set of entities concerning which statistical inferences are to be drawn, often based on a random sample taken from the population.

In this thesis, we have taken population and sample as follow:

Population: All ATM cards users of Everest Bank are population of the study.

Sampling Techniques: Stratified random sampling is used. All ATM cards users of Everest Bank are divided into two strata: They are ATM card users in Kathmandu Valley and ATM card users outside Kathmandu Valley. And the sample size is 30 in each stratum.

Basically we focused on 15 male and 15 female within valley and 20 male and 10 female outside valley. For outside valley, 10 respondents each from Jhapa, Morang and Pokhara were selected for the study. As these towns have more number of ATM users, the sample taken from these cities are assumed to represent the population in general.

3.4   TYPES OF MEASUREMENTS

There are four main levels of measurement used in statistics: nominal, ordinal, interval and ratio. They have different degrees of usefulness in statistical research. Ratio measurements have both a meaningful zero value and the distances between different measurements defined; they provide the greatest flexibility in statistical methods that can be used for analyzing the data.

Interval measurements have meaningful distances between measurements defined, but the zero value is arbitrary (as in the case with longitude and temperature measurements in Celsius

or Fahrenheit). Ordinal measurements have imprecise differences between consecutive values, but have a meaningful order to those values. Nominal measurements have no meaningful rank order among values.

Because variables conforming only to nominal or ordinal measurements cannot be reasonably measured numerically, sometimes they are grouped together as categorical variables, whereas ratio and interval measurements are grouped together as quantitative or continuous variables due to their numerical nature.

The terms "**dependent variable"** and "**independent variable"** are used in similar but subtly different ways in mathematics and statistics as part of the standard terminology in those subjects. They are used to distinguish between two types of quantities being considered, separating them into those available at the start of a process and those being created by it, where the latter (dependent variables) are dependent on the former (independent variables). The independent variable is typically the variable representing the value being manipulated or changed and the dependent variable is the observed result of the independent variable being manipulated.

The dependent variables in this research are the attributes that describe the customer defined service standard. Some independent variables that is used to describe defined service standard are

    a) ATM location
    b) Accuracy of cash transactions
    c) Pin security
    d) Speed of cash dispensed
    e) Local support of service provider
    f) Physical environment like ambience, space, wall colour etc

3.5   SOURCES OF DATA COLLECTION

Data collection is a term used to describe a process of preparing and collecting data for example as part of a process improvement or similar project. The purpose of data collection is to obtain information to keep on record, to make decisions about important issues, to pass

information on to others. Primarily, data is collected to provide information regarding a specific topic.

This study is based on both primary and secondary information.

(a) Primary data:

Primary data are the first hand data. It is collected by the researcher at the time while conducting research. The data can be collected by using different methods like observation, interviews, questionnaires, case-studies, diaries, critical incidents, portfolios.

The primary data, which is generated by the above methods, may be qualitative in nature (usually in the form of words) or quantitative (usually in the form of numbers or where you can make counts of words used).

The research uses structured questionnaire to collect information from respondents. The questionnaire is administered in printed form for Kathmandu based respondents whereas printed and email is used to collect response from outside valley respondents.

The complete structured questionnaire has been presented in the annexure.

(b) Secondary data:

Secondary data are indispensable for most organizational research. Secondary data refer to information gathered by someone other than the researcher conducting the current study. Such data can be internal or external to the organizational and accessed through the internet or perusal of recorded or published information. Secondary data can be used among other things for forecasting sales by constructing models based on past sales figures and through extrapolation.

There are several sources of secondary data, including books and periodicals government publications of economic indicators, census data, statistical abstracts, data bases, the media, annual reports of companies, case studies and other archival records. Secondary sources of data provide a lot of information for research and problem solving. Such data are as we have seen mostly qualitative in nature.

Also included in secondary sources are schedules maintained for or by key personnel in organizations, the desk calendar of executives and speeches delivered by them. Much of such internal data though could be proprietary and not accessible to all. Financial databases readily available for research are also secondary data sources.

In this research, journals, websites, newspapers, publications, brochures and other relevant documents are the major sources of secondary information.

CHAPTER – FOUR

DATA PRESENTATION AND ANALYSIS

4.1   INTRODUCTION

This chapter is the main and major part of the research. Analysis of data comes prior to interpretation. The facts and figures collected are to be processed systematically, the data collected will lend itself for statistical treatment and meaningful interpretation leading to formulation of theory or finding. Data presentation and analysis is important appearance of the research study. Collecting data is the connecting link to the world of reality for the researcher. The data collection activity consists of taking ordered information from reality and transferring it into some recording system, so that it can later be examined and analyzed for the purpose. Research as a media can be interpreted as having a content of data and process of methodology. Without the data, methodology cannot be utilized to bring us to the conclusion.

The presentation of data is the basis of organization and classification of the data for analysis. After data collection is completed, the data will be the raw data. The data will still be an interview, questionnaires, data collection forms and note cards. It is necessary to arrange the data so that it makes some sense to the researcher and so that if can later be presented to the readers of thesis. Different types of data require different methods, which can be used to simplify the data. The easiest way to understand data is by examining in the diagram, charts, graphs and tables. But even before one can arrange data in tables, it is necessary to rearrange the raw data.

4.2   TREND OF ATM USERS

Due to increasing numbers of commercial banks, ATM cards users are growing day by day in Nepal. Banks too have heavily focused and allocated resources in increasing their ATM network to increase their existing customer base.

Decreasing cost of the ATM machine is also one of the big factors for this unprecedented growth. One simple ATM machine used to cost around 16 Lakhs before 5 years. Now, with

Indian ATMs coming into the market it cost around 9 Lakhs for the machine apart from the monthly rental for ATM space and the cost of building the ATM booth.

This decreasing cost of ATM is helping banks to grow its ATM users to reach wider population. Even Everest Bank Limited has added 10 ATM in last two years. Currently the bank has 55 own ATMs in the following locations.

Table- 1

ATM Locations of Everest Bank Limited

SN	Inside Kathmandu valley	SN	Outside Kathmandu valley
1	New Baneshwor Branch	1	Narayanghad, Chitwan
2	New Road Branch	2	Pokhara Branch
3	Pulchowk Branch	3	Dhangadhi, Kailali
4	Lazimpat Branch	4	Birgunj, Parsa
5	Balaju Branch	5	Gorkha Dept. Store, Ithari
6	Old Baneshwor Branch	6	Janaki Mandir, Janakpur
7	Gwarko Branch	7	Biratnagar Branch
8	Chabahil Branch	8	Nepalgunj Branch, Banke
9	Golfutar Branch	9	Milan Chowk, Bhairahawa
10	Kirtipur Branch	10	Butwal Branch, Rupendehi
11	Sherpa Mall, Durbar Marg	11	Lekhnath Branch, Kaski
12	Teku Branch	12	Taulihawa Branch, Kapilvastu
13	Revenue Office Babarmahal	13	Besishahar Branch, Lamjung
14	Singha Durbar Branch	14	Baglung Branch, Baglung

15	Bangemuda Way	15	Lumbini Branch, Rupendehi
16	Indian Pension Office	16	Simara Branch, Bara
17	Lagankhel, Buspark	17	Janakpur Branch, Dhanusha
18	Maitidevi Branch	18	Gorkha Branch, Gorkha
19	A One Business Complex, Thamel	19	Hetauda Branch, Makawanpur
20	Suryabanayak, Bhaktapur	20	Kohalpur Extension Counter, Bake
21	Kalimati Branch	21	Butwal Rajmarga
22	Satungal Branch	22	Duhabi Branch
23	Saleways Dept. Store, Maharajgunj	23	Kushma Branch
24	Baghbazar Branch	24	Birtamod Branch, Jhapa
25	Gongobu, Buspark	25	Surkhet Branch, Surkhet
26	Singha Durbar	26	Tulsipur Branch, Dang
27	New Baneshwor Branch	27	Syngja Branch, Syngja
28	New Road		

In the network of 55 ATMs, we can see that most of the ATMs are placed inside Kathmandu Valley at its branch location. Apart from branch, the Bank has installed ATM in some of the major shopping malls like A One Business Complex, Saleways Departmental Store, Sherpa Mahal and Laxmi Bazzar Bhaktapur. These are the most visited places by any ATM card holder. However, Bank's ATM outside Kathmandu valley are only limited to its branch location.

Everest Bank has issued around 35,000 ATM debit cards to its customers as shown in the following details:

Table – 2

ATM Cards Issued by Everest Bank Limited

| Location	No of ATM Cards	Percentage
Inside Kathmandu	50000	63%
Outside Kathmandu	30000	37%
Total	80000	100%

Source: Office Record

As per Table-2 the distribution when segregated by geographical region, it is seen that two-third of the ATM cards have been issued to customers inside Kathmandu valley. Though the geographical area of Kathmandu Valley is very small as compared to total territory of Nepal, the concentration of the ATM is mostly in Kathmandu Valley.

This can be clearly presented in the following graph:

GRAPH – 1

ATM Cards Issued by Everest Bank Limited
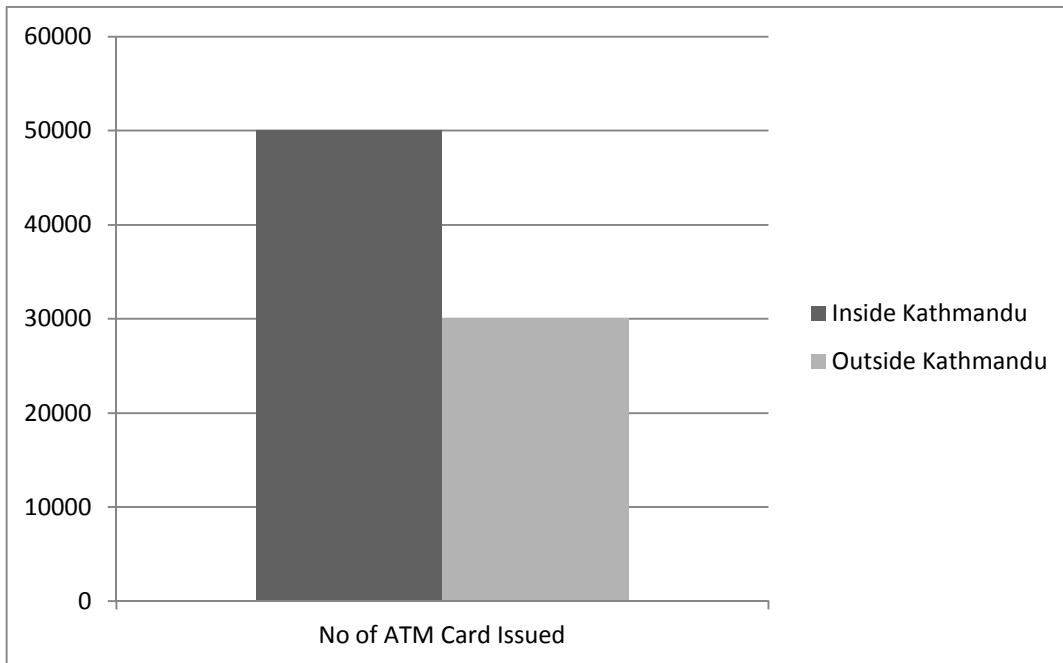
Similarly, the bank has installed 28 ATMs inside Kathmandu Valley to cater these two-third customers. When analyzed this with different prospective, we can see that the ratio of ATM card issued per ATM in these two geographical regions is also quite different and shown in the following table:

Table – 3

Ratio of ATM Cards Issued to Number of ATMs

| Location	No of ATM Cards Issued Per ATM
Inside Kathmandu	5000
Outside Kathmandu	2000

Source: Office Record

According to Table-3, for every 5000 ATM cards issued by Everest Bank inside Kathmandu Valley, there is one ATM machine. Whereas, for every 2000 ATM cards issued by the bank outside Kathmandu, there is one ATM machine available. This variance may affect the quality of service provided to the customer and their perception of service standard as there are more customers to be served by one ATM inside valley then as compared to outside valley.

This can be clearly presented in the following graph:

GRAPH – 2

Ratio of ATM Cards Issued to Number of ATMs
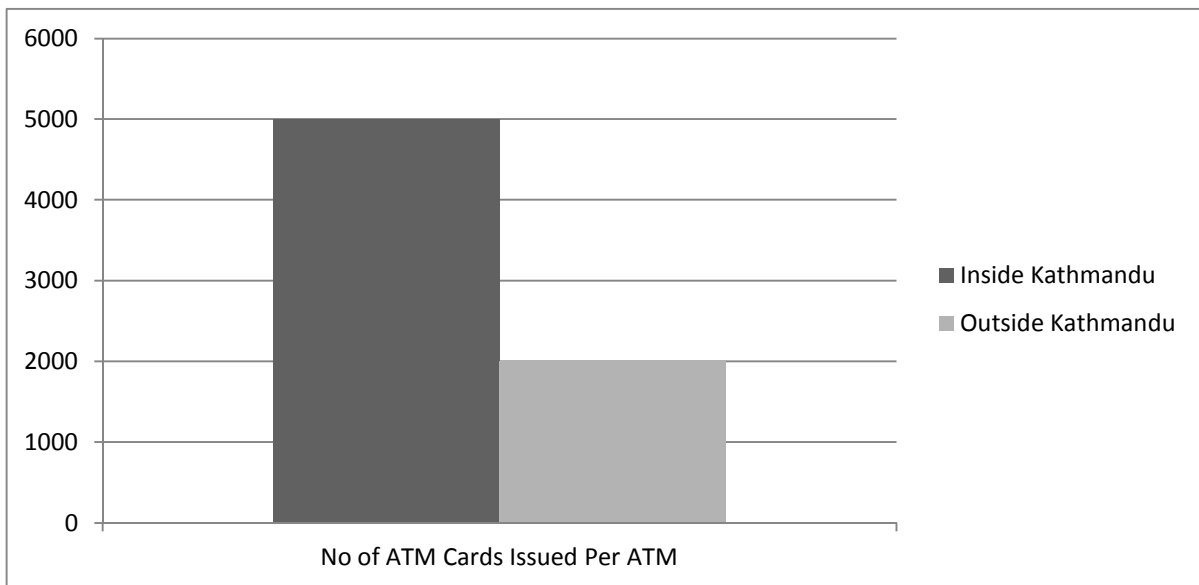
To have some more insights into this growing trend of ATM users in Nepal, a questionnaire was administered amongst 20 staff at Card Services department of Everest Bank. The questions tried to gauze the followings:

a) The trend of ATM user
b) Awareness level of ATM users
c) Presence of customer awareness programme
d) ATM problems related to the ATM users
e) Customers complaints regarding ATMs

More than two-third of the respondents feel that the trend of ATM users in Nepal increasing slowly whereas less than one-third feel that the trend is increasing very fast. Their overall response has been recorded in the table below:

TABLE – 4

Trend of ATM Users

Particulars	No of Respondents	Percentage of Respondents
Increasing Slowly	16	80%
Increasing Very Fast	4	20%
Not Increasing	0	0%
Total	20	100%

Source: Questionnaire

The questionnaire also wanted to measure their perception on customer awareness. We had asked the respondents on the level of customer awareness to which they had following response.

TABLE – 5

Level of Customer Awareness

Particulars	No of Respondents	Percentage of Respondents
Highly Aware	0	0%
Slightly Aware	16	80%
Slightly Unaware	2	10%
Highly Unaware	2	10%
Total	20	100%

Source: Questionnaire

As per the Table-5, it can be said that most of the bank staff feel that the level of customer awareness is not very encouraging. Most of them think that customers are only slightly aware on with their view on customer awareness; we had included a question on whether they have a customer education program for new ATM users. Surprisingly, there were no any such

awareness programs initiated by the bank. The response to this question has been shown in the following table.

TABLE – 6

Presence of Customer Education Program

Particulars	No of Respondents	Percentage of Respondents
Yes	0	0%
No	20	100%
Don't Know	0	0%
Total	20	100%

Source: Questionnaire

With almost all banks expanding their ATM network in the country, none of them have a customer awareness program for the existing or new ATM users. Similarly, to assess the most frequent problem related to the ATM and its usage, a ranking question was asked to the bank staff. The options included the problems related to the bank as well as that with the customers.

The following table shows the response:

TABLE – 7

Most Frequent Problem in ATM Usage in Nepal

Particulars	No of Respondents Who Ranked it First	Percentage of Respondents Who Ranked it First	No of Respondents Who Ranked it Second	Percentage of Respondents Who Ranked it Second	No of Respondents Who Ranked it Third	Percentage of Respondents Who Ranked it Third
Power Related Problem	45	90%	2	4%	3	5%
Connection Problem	2	4%	0	0%	3	5%
Technical Problem With ATM	2	4%	0	0%	44	90%
Customer Error	1	2%	48	96%	0	0%
Total	50	100%	50	100%	50	100%

Source: Questionnaire

As per the Table-7, it is seen that the most frequent problem related to the ATM service for Everest Bank is that of power related problem. This is purely a problem related to the bank. This problem is faced b almost all the bank as the load shedding hours have now reached almost 14 hours a day and banks cannot supply power for such long period using power back up like inverter.

Thus, non availability of ATM service due to power cut has hard hit the ATM service and the customer's perception about its service quality. This problem is even severe outside Kathmandu Valley where banks don't invest much in power backup.

The second most frequent problem is related to the customer when they make error in transactions. This problem can be related to the non availability of customer awareness program run by the bank even when banks feel that the customers are only slightly aware of the technicalities of the ATM usage.

The third most frequent problem is the technical problem related with the ATM itself. This might be correlated to the quality of ATM itself and the lack of skilled service technicians. With banks expanding their network rapidly, they might compromise the quality of the ATM against the cost of these machines which in turn may lead to frequent breakdown of these machines. Moreover, lack of skilled technicians and the absence of regular servicing might be some other reason for such problems.

As we are all aware, customer perception about a service quality is inversely proportional to the frequency of complaints, a question on most frequent type of customer complaints was also asked. The options included some of the regular problem and ATM users have to face. The following table shows what the bank staff had to say.

TABLE – 8

Most frequent Customer Complaints

Particulars	No of Respondents Who Ranked it First	% of Respondents Who Ranked it First	No of Respondents Who Ranked it Second	% of Respondents Who Ranked it Second	No of Respondents Who Ranked it Third	% of Respondents Who Ranked it Third
Connection Problem	0	0%	0	0%	50	100%
Power Related Problem	0	0%	25	50%	0	0%
Fraud and Other Safety Related Issues	0	0%	0	0%	0	0%
Wrong Pin Codes	25	50%	0	0%	0	0%
Account Debited, Cash Not Dispensed	25	50%	25	50%	0	0%
Total	50	100%	50	100%	50	100%

Source: Questionnaire

As per the Table-8, it is seen that bank staff were divided when identifying the most frequent complain received from the customers. 50 Percentage of the respondents said that problem related with wrong PIN code is the most frequent complaint for Everest Bank. This problem arises when a customer punches wrong PIN code more than Three times. With more than 3 attempts, a card is automatically blocked by the system, and in some model of ATM the card is even captured inside the machine. In such case, customers have to make formal request to their bank for returning their cards. This process might take 2-3 days inside Kathmandu Valley whereas more than a week outside Kathmandu. This problem might be because of low customer awareness amongst the ATM users of Everest Bank.

Similarly, half of the respondents chose the problem in cash withdrawal as the most frequent customer complaint. The account balance of such customers reduces but the actual cash from the machine is not dispensed. In the event of such incidents, usually the amount is automatically reversed whereas in some case the customer has to formally request the concerned bank for getting refund. The bank verifies the transaction and returns the money to the customer. In worst cases, the cash is dispensed in the next transaction and may be taken by some other customers. This problem mostly arises because of technical problem in the machine itself.

The second most frequent problem faced by Everest Bank's customer is found to be the problem related to power cut and the third one is the absence of network connection at the ATM center.

Similarly, complains about the misuse of ATM cards or unauthorized use of the card are found to be other most frequent complaints. In this problem, usually a customer discloses his/her PIN code to their family members or friends who in turn withdraw cash after stealing the cards from the card holder. Few years back, a group of foreigner was caught by police while being involved in such illegal work. This problem is more of awareness problem and can be addressed with the proper customer education program from the bank.

4.3 CUSTOMER PERCEPTION ABOUT ATM SERVICE STANDARD IN NEPAL

With increasing acceptance and uses of ATM service, the awareness on its service quality is slowly gaining momentum. Though banks are spending much on advertisement related to ATM service, they aren't emphasizing on educating customers on proper ATM uses. This paradox was also revealed by a survey conducted amongst bank management and staff. We administered a questionnaire for customers to gauge their perception on important dimensions of service quality of these ATM service.

The following dimensions were used to measure the service standard as perceived by Everest Bank's ATM customers.

a) Convenience
b) Accuracy
c) Support
d) Security

4.3.1 CONVENIENCE

The convenience dimension of service standard was carefully chosen to measure the customer's perception on the location of ATM from their home and work.

Because of increasing security threats for keeping cash at home, people have started to deposit their savings at Banks and have started to use the ATM on their needs for cash. Thus, one might expect an ATM nearer to their home as well as their office or work. Thus, we had asked customers on their expectation of nearest distance of ATM from their home.

The overall response is shown in the following table.

TABLE – 9

Expectations on Distance of ATM for ATM Users in Total

| Distance	0–1 km	1-2 km	2-5 km	5-10 km	Total
No of Respondents	33	9	8	0	50
Percentage of Respondents	66%	18%	16%	0%	100%

Source: Questionnaire

According to the sample, it was found that approximately 7 respondents out of 10 respondents expected an ATM location within 1 km from their home. While around 2 respondents expected it to be within 2 km and 2 respondents wanted it within 5 km from their home location. However, nobody expected the ATM to be at a distance of more than 5 km.

This can be clearly presented in the following graph.

GRAPH – 3

Expectations on Distance of ATM Center for ATM User in Total
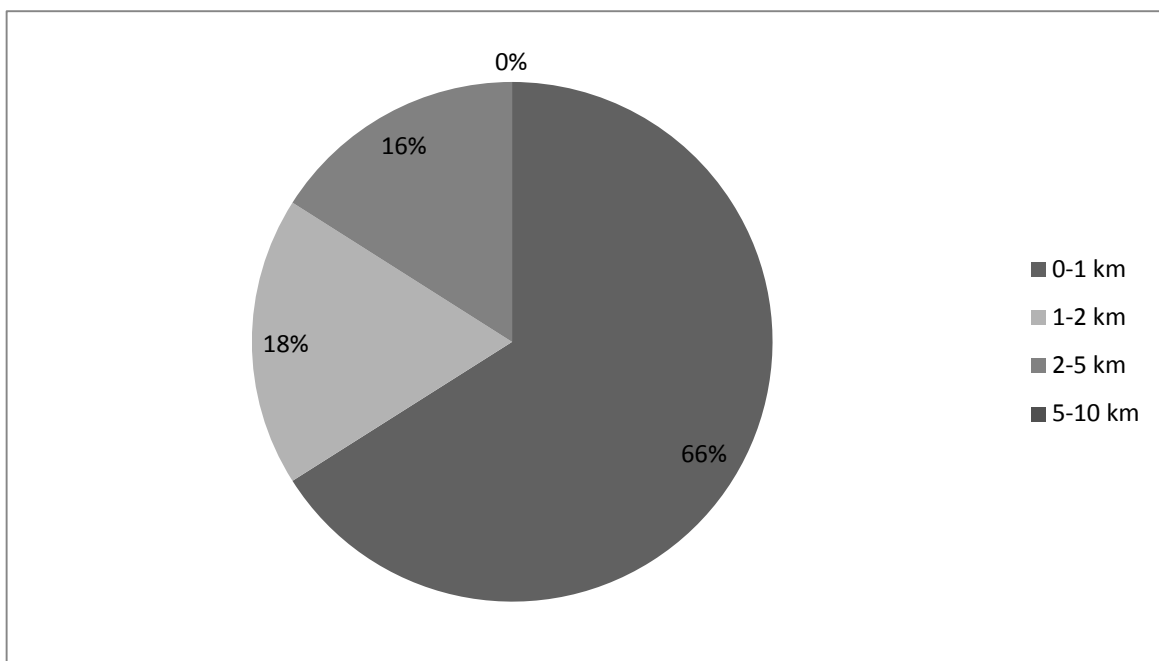
This service standard was further analyzed by segregating the respondents into two classifications:

a) Inside Kathmandu Valley and

b) Outside Kathmandu Valley and the data presented in the following table.

TABLE – 10

Expectations on Distance of ATM Center from Home

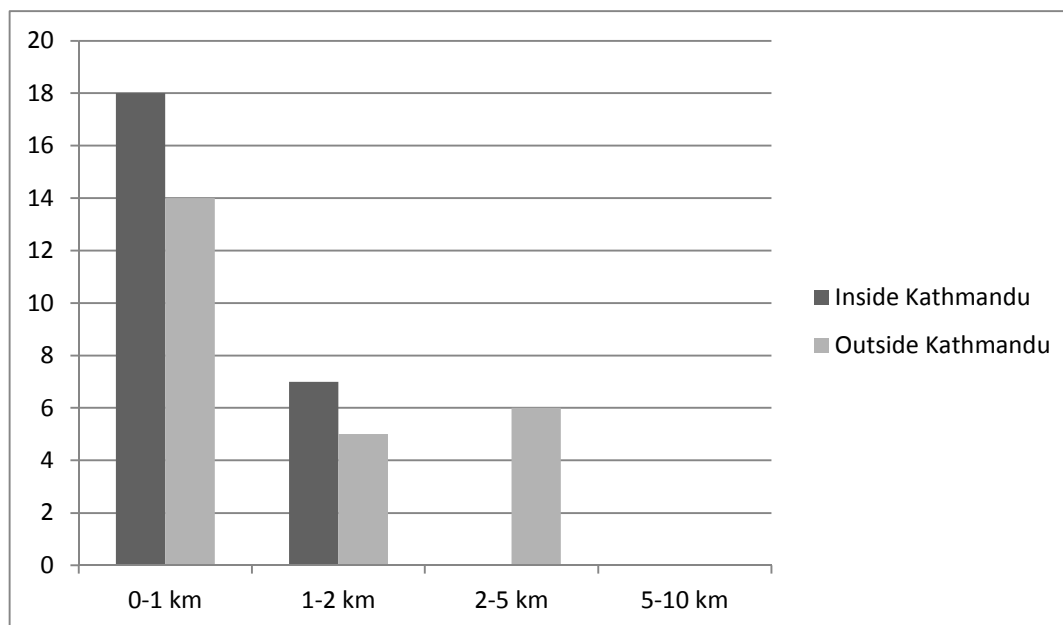| Particulars	Respondents	0-1 km	1-2 km	2-5 km	5-10 km	Total
Inside Kathmandu	Number	18	7	0	0	25
	Percentage	72%	28%	0%	0%	100%
Outside Kathmandu	Number	14	5	6	0	25
	Percentage	56%	20%	24%	0%	100%

Source: Questionnaire

As per the above Table-10, it is seen that the 72% of the respondents from Kathmandu Valley prefer an ATM within 1 km from their home, whereas only 56% of respondents from outside Kathmandu Valley wish that the nearest ATM is within 1 km from their residence. Interestingly, only 20% of outside Kathmandu respondents expect an ATM to be within the distance of 2 km whereas 28% of inside Kathmandu ATM users want it to be within 2 km. No ATM customers in Kathmandu wants the nearest ATM to be more than 2 km away but every 4 out of 10 outside valley customers feel that it is reasonable for the nearest ATM to be within 5km from the place of their stay.

Looking at the response, we can say that inside Kathmandu, due to large number of ATMs, customers' expectation regarding ATM is higher as compared to the outside valley customers. People inside Kathmandu now want an ATM within 1 km from their residence for accessing their savings with the banks. However, due to less number of ATMs deployed outside Kathmandu, people have low expectation regarding the nearest ATM. Around 24% of these customers expect an ATM at distance 2-5 km whereas none of the customers from capital want that.

This can be clearly presented in the following graph:

GRAPH – 4

Expectations on Distance of ATM Center from Home

A person normally spends about one-third of their day in office. So, after home, work is the next most probable place where a person needs cash. We thus administered a questionnaire which also asked the respondents on their expectation of nearest ATM from their workplace. The following table shows the customers' standard on nearest ATM from their office.

TABLE – 11

Expectation on Distance of ATM Centre from Office

Particulars	Respondents	0-1 km	1-2 km	2-5 km	5-10km	Total
Inside Kathmandu	Number	20	3	2	0	25
	Percentage	80%	12%	8%	0%	100%
Outside Kathmandu	Number	10	12	3	0	25
	Percentage	40%	48%	12%	0%	100%

Source: Questionnaire

As per the above Table-11, it was found that approximately 8 out of 10 inside Kathmandu customers desire that the nearest ATM from their workplace was within 1km. whereas, 4 out of 10 outside valley customers prefer it to be within 1 km, similarly, approximately 2 out of 10 inside valley respondents want the nearest ATM to be within 2 km whereas 5 out of 10 from outside valley want it at that distance.

When the expectation on location of ATM from one's home and office was compared, it could be seen that in Kathmandu more people wanted the ATM to within 1 km of their office than their home. Whereas, for customers outside Kathmandu, it was found that more people wanted an ATM nearer to their home than as compared to their office.

As compared to the expectation regarding the nearest ATM, people in general, want an ATM nearer to their office, it may me because most of the financial transactions happen during office time and in and around office premises.

ATM in official areas help bank in attracting more customers and gain visibility. Thus, we can these days find ATMs outside office like Tax Office, Hospitals and Colleges where hard cash is needed for the payment. Even Everest Bank has a strategy of opening ATMs in major hospitals in capital city.

This convenience dimension can be clearly presented in the following graph.

GRAPH – 5

Expectation on Distance of ATM Center for Office
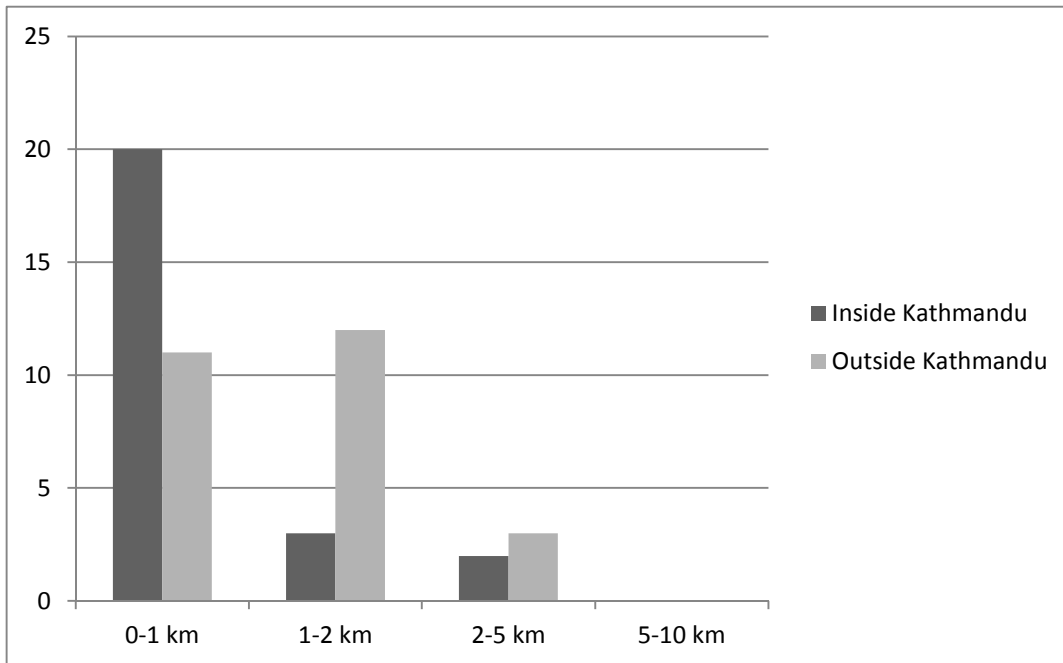
With location established as one important service standard, the research looked into some relationship between convenience and customers' behavior to explore options if their standard in terms of location isn't met.

The questionnaire contained other two questions that tried to explore the relation between convenience and choice of service provider. The respondents were asked whether convenience of distance could be the reason for opening an account with the bank or even changing the existing bank.

First, respondents were asked if they prefer to open an account with a bank if its ATM was nearer to its home, office or any convenient location. The response of this query is recorded in the following table.

TABLE – 12

Opening of an Account Because of Nearest ATM facility

Particulars	Respondents	My Home	My Office	Doesn't Matter	Total
Inside Kathmandu	Number	2	4	19	25
	Percentage	8%	16%	76%	100%
Outside Kathmandu	Number	4	12	9	25
	Percentage	16%	48%	36%	100%

Source: Questionnaire

According the Table-12, it can be seen that for almost two-third of customers inside Kathmandu, distance of nearest ATM would not make any difference while choosing a bank. Whereas, around half of the respondents from outside Kathmandu said that the distance would make a difference. They would choose to open an account with the bank, if its ATM was nearest from their office.

This shows a very interesting fact. Through people want an ATM nearer to their office, they wouldn't open an account with a bank just because of its ATM being nearer to their home or office. Rather people would want their existing bank to open ATMs at some convenient locations. This might be because of interconnectivity of ATMs belonging to different banks.

With the common network providers like SCT, VISA and MASTER CARD, a customer can access any ATM for withdrawing their cash and has freedom of choosing any ATM as per their convenience. Thus, banks have focused on opening their ATMs at Hospitals, Shopping Malls, Bazaars, Cinemas and Airport which are normally considered as convenient place.

In Nepal even some ATMs are fully owned by network providers like SCT and a local manages the cash required for the machine. With Visa and Master Card network, customers can access any of 36000 ATMs in India and millions around the world. Such international access has attracted customers to acquire ATM cards connected to Visa and Master Card on their foreign travel and relieve themselves from the hassle of carrying foreign currencies.

We can thus safely say that, the choice of bank is rather based on the availability of network providers like Visa which has large network of ATMs. Even Everest Bank has network availability of SCT and Visa for its ATM users. Moreover, it has launched its own Visa card from December 2009 and has already issued around 5000 Visa debit card in first two months of launching.

This can be clearly presented in the following graph.

GRAPH – 6

Opening of an Account Because of Nearest ATM Facility
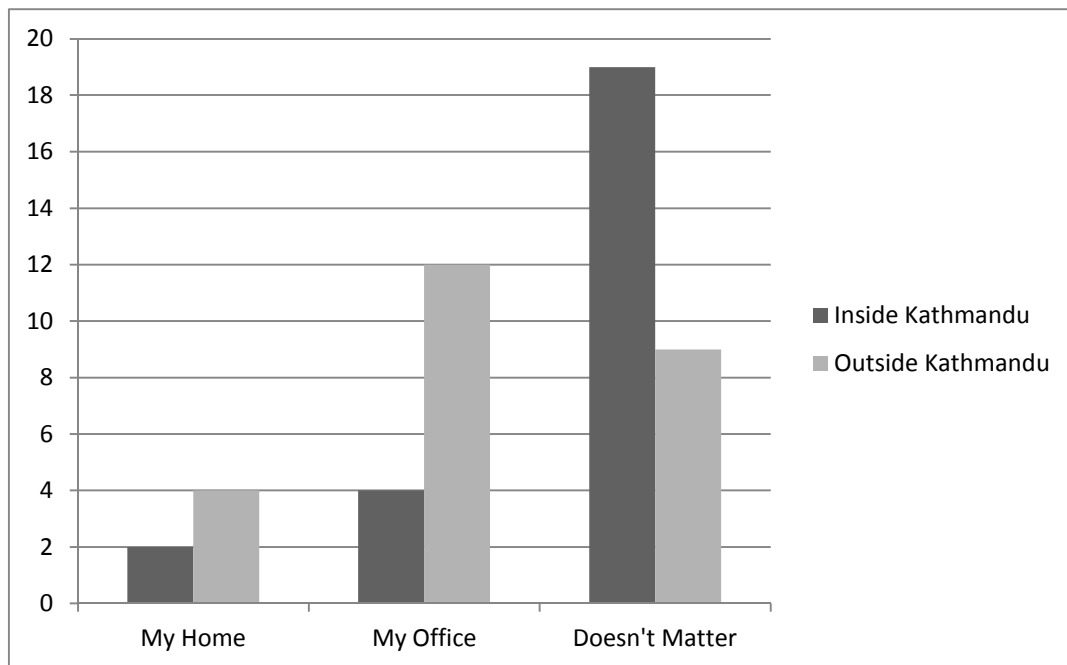
The respondents were even asked if they would consider changing their bank or take an additional ATM card, if a competitor bank installs an ATM nearer to than that of their existing bank.

The response have been shown in the below table.

TABLE – 13

Changing of Bank Because of Nearest ATM Facility

| Particulars	Respondents	Change the Bank	Take Additional Card and Use Both	It Doesn't Matter	Total
Inside Kathmandu	Numbers	0	9	16	25
	Percentage	0%	36%	64%	100%
Outside Kathmandu	Numbers	6	12	7	25
	Percentage	24%	48%	28%	100%

Source: Questionnaire

As per the Table-13, it is seen that approximately two third customers inside Kathmandu responded that they would be indifferent to such move by a competitor bank and nobody would consider changing the bank. However, in case of customers from outside Kathmandu, around one-third of them would consider changing the bank if another bank's ATM becomes nearer.

This can be clearly presented in the following graph.

GRAPH – 7

Changing of Bank Because of Nearest ATM Facility
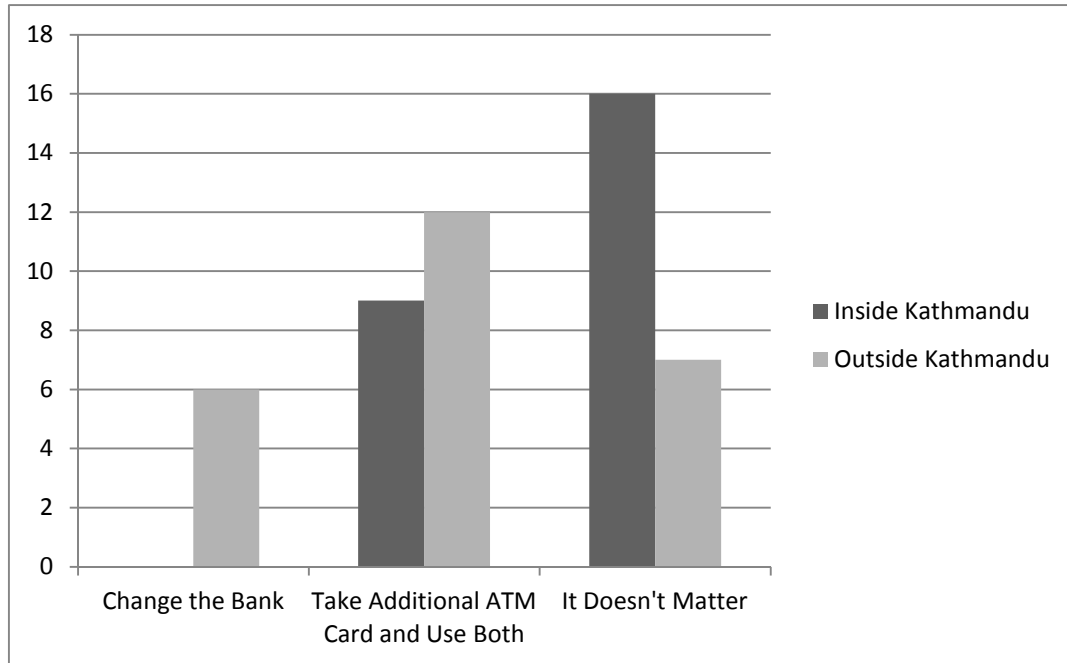
4.3.2 ACCURACY

With growing number of ATM users in Nepal, the problems regarding accuracy of the transactions have also started to surface. Newspapers regularly carry the news report on ATM not dispensing cash at very urgent time. Thus, accuracy of ATM transactions was considered as an important service standard for any ATM customers.

We asked customers of Everest Bank on how many times they will attempt for withdrawing cash provided that they have sufficient balance and punch correct PIN (Personal Identification Number) code. This would give us an idea on what frequency of attempt was considered to be standard for a normal customer.

The response has been recorded in the table below.

<div align="center">

TABLE – 14

Frequency of Transactions Attempts

</div>

| Particulars	Respondents	2 Times	3 Times	4 Times	5 Times	6 Times	Total
Inside Kathmandu	Number	10	12	1	1	1	25
	Percentage	40%	48%	4%	4%	4%	100%
Outside Kathmandu	Number	7	8	6	1	3	25
	Percentage	28%	32%	24%	4%	12%	100%

Source: Questionnaire

As per the response collected from the questionnaire, it is seen that around 40 % of respondents inside Kathmandu would try only for 2 times and 48% would try for 3 times withdrawing cash. However, for respondents outside Kathmandu 24% would still attempt at least 4 times before giving up.

An ATM does not dispense cash if its connection to the central ATM center fails or in case there is no sufficient cash stock in the machine mostly during bank holidays as nobody will be there to refill cash. Thus, bank can minimize this problem by ensuring the ATM is connected all the times and sufficient cash is present in the machine.

This can be clearly presented in the following graph.

GRAPH – 8

Frequency of Transaction Attempts
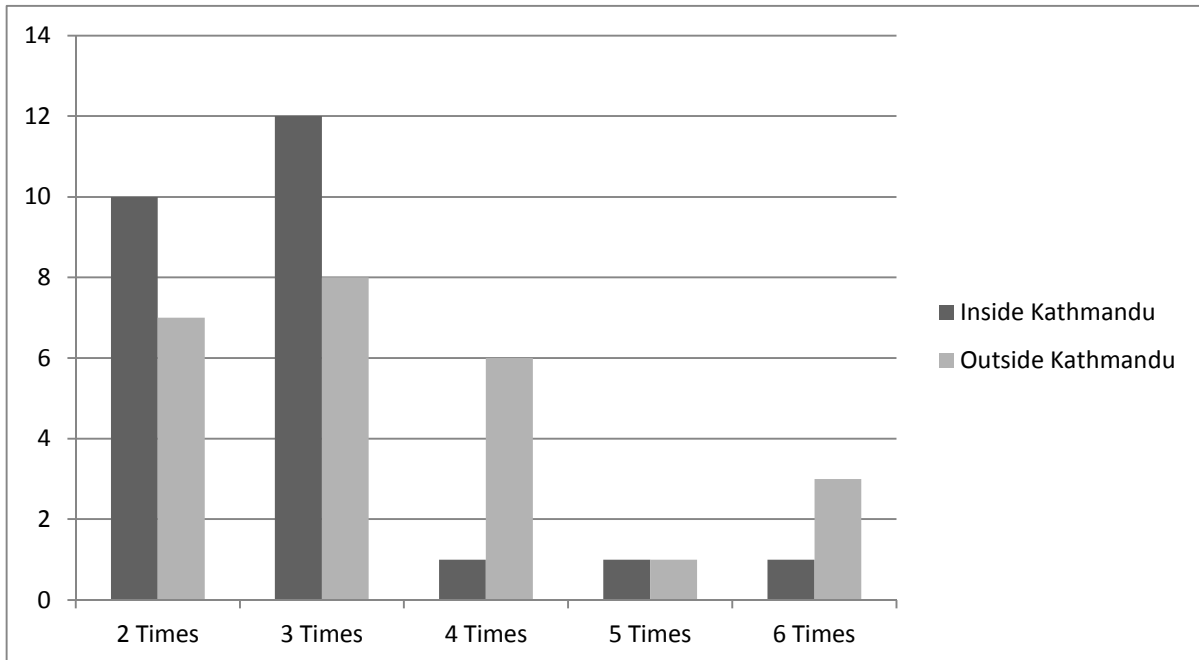
4.3.3   SUPPORT

Support from the service provider is an important dimension of service quality. To satisfy customers with quality service, a service provider should try to meet the service standard. Moreover, in a country like Nepal, where ATM service is still considered as a anew technology by many people, support from banks is quite crucial in wide acceptance and usage of the service in future.

With this view, we wanted to explore more on the type of support Everest Bank ATM users want from the bank. Respondents were requested for their feedback on the type of support they expected if they had some problem with their ATM cards.

Their response has been shown in the following table.

TABLE – 15

Support from Bank

| Particulars	Respondents	Counseling	Technical Support	Others	Total
Inside Kathmandu	Number	7	18	0	25
	Percentage	28%	72%	0%	100%
Outside Kathmandu	Number	10	12	3	25
	Percentage	40%	48%	12%	100%

Source: Questionnaire

It is seen that most of the card users prefer technical support in case of problems with the ATM cards. Around 72% respondents from Kathmandu wish for technical support and 48% that of outside Kathmandu expect it rather than counseling or other solutions.

It can be inferred that most of the customers inside Kathmandu are familiar with the service thus need only technical support. However, customers outside Kathmandu are mostly the beginners of these services and require counseling along with technical support when they have problems.

This can be clearly presented in the following graph:

GRAPH – 9

Support from Bank
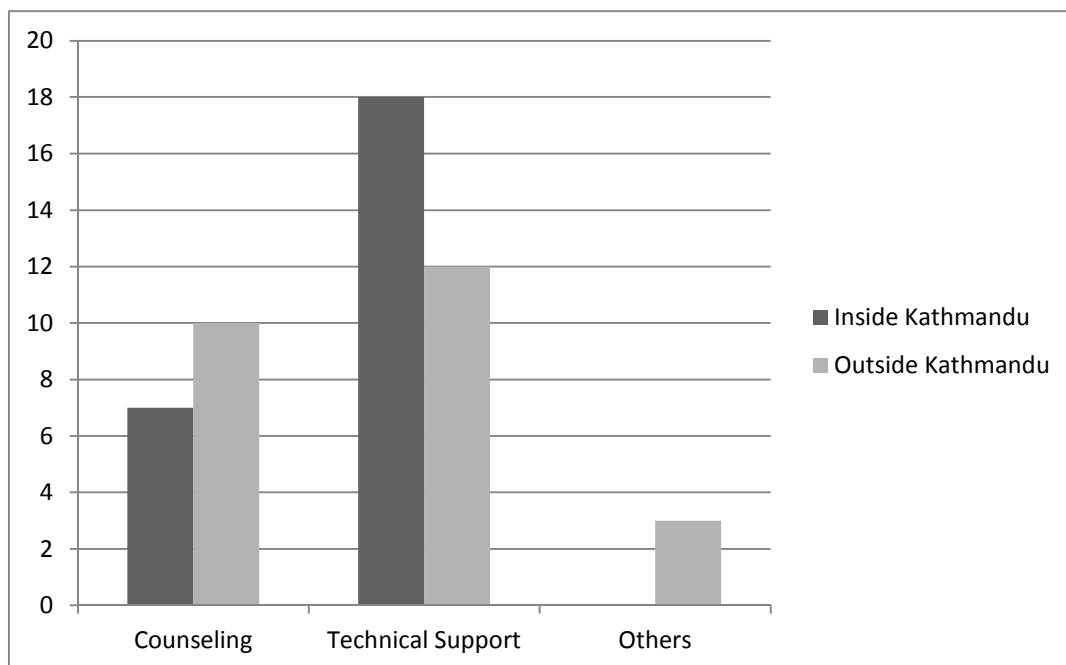
The questionnaire further looks at the method of solving common ATM problems. The respondents were tested on various options for solving ATM related problems and their response has been shown in the table below:

TABLE – 16

Method of Solving ATM Problems

| Particulars	Respondents	ATM Gives Instructions to Solve the Problem	I Call the ATM Center for Solution	I Call the Bank's Nearest Branch for Solution	I Expect Someone for Solution	Total
Inside Kathmandu	Number	14	2	4	5	25
	Percentage	56%	8%	16%	20%	100%
Outside Kathmandu	Number	6	0	9	10	25
	Percentage	24%	0%	36%	40%	100%

Source: Questionnaire

As per the table, we can see that more than half of the respondents in Kathmandu and around one-third outside valley expect the ATM to give instruction for identifying and solving the problems. Calling the ATM center (mostly based in Kathmandu) is a preferred option for 8% of the respondents from Kathmandu but none for outside valley respondents. Similarly, around 40% of the respondents outside valley want a bank staff for solving the issues and only 20% that of valley respondents would actually expect someone for the solution.

This can be clearly presented in the following graph.

GRAPH – 10

Method of Solving ATM Problem
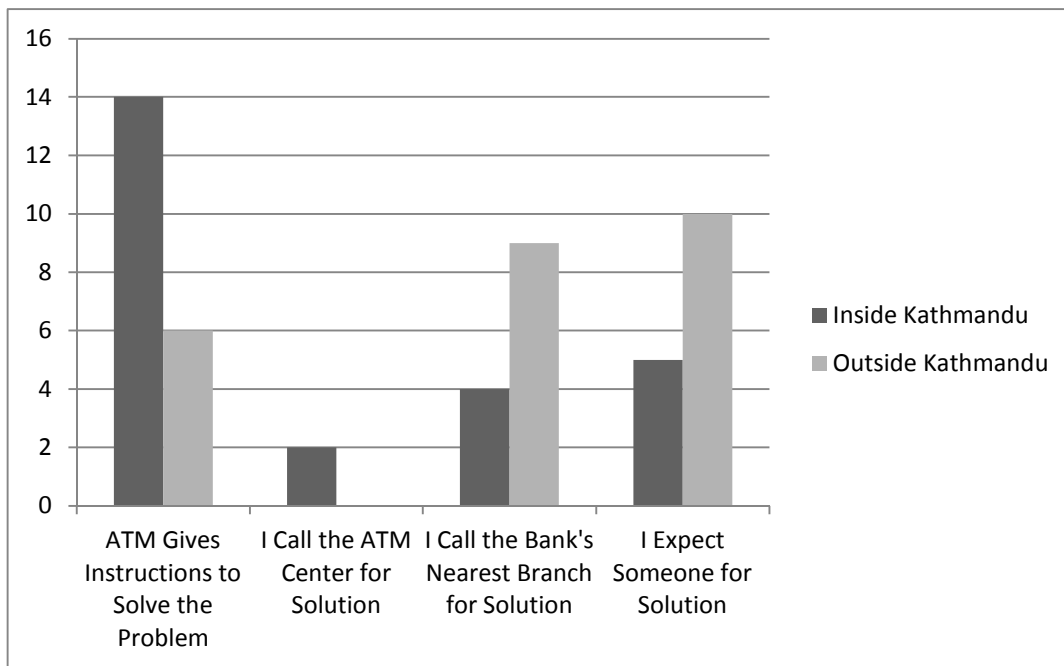
4.3.4 SECURITY

Security on ATM transaction is another important dimension in customer's perception. Unless a customer feels safe to conduct a transaction, it would be difficult to increase the customer base.

The security factor cab mainly expressed in these safety aspects:

a) Security of PIN Code
b) Security at the ATM location
c) Feeling of Safety

The safety aspect was mostly related to the privacy and safety of the transaction, risk of unauthorized transaction and the physical safety at the ATM location. We had enquired respondents on how safe they feel while conducting transaction from an ATM.

Their response has been tabulated below.

TABLE – 17

Feeling Safe on ATM Use

| Particulars	Respondents	Yes	NO	Don't Know	Total
Inside Kathmandu	Number	20	2	3	25
	Percentage	80%	8%	12%	100%
Outside Kathmandu	Number	14	4	7	25
	Percentage	56%	16%	28%	100%

Source: Questionnaire

According to Table-17, it is seen that only 8% inside Kathmandu respondents felt unsafe. However, a significant mass of 16% accepted that they feel unsafe with the ATM transaction. Based on these responses we can see that almost one sixth of the outside valley customer don't feel ATM transactions are secured. This may be due to lack of customer awareness program in the region. Everest Bank needs to market this service and convince customers in the safety aspects as well. Some testimonials from reputed personalities using ATM service can be advertised in the mass media.

These responses can be clearly presented in the following graph.

GRAPH – 11

Feeling safe on ATM Use
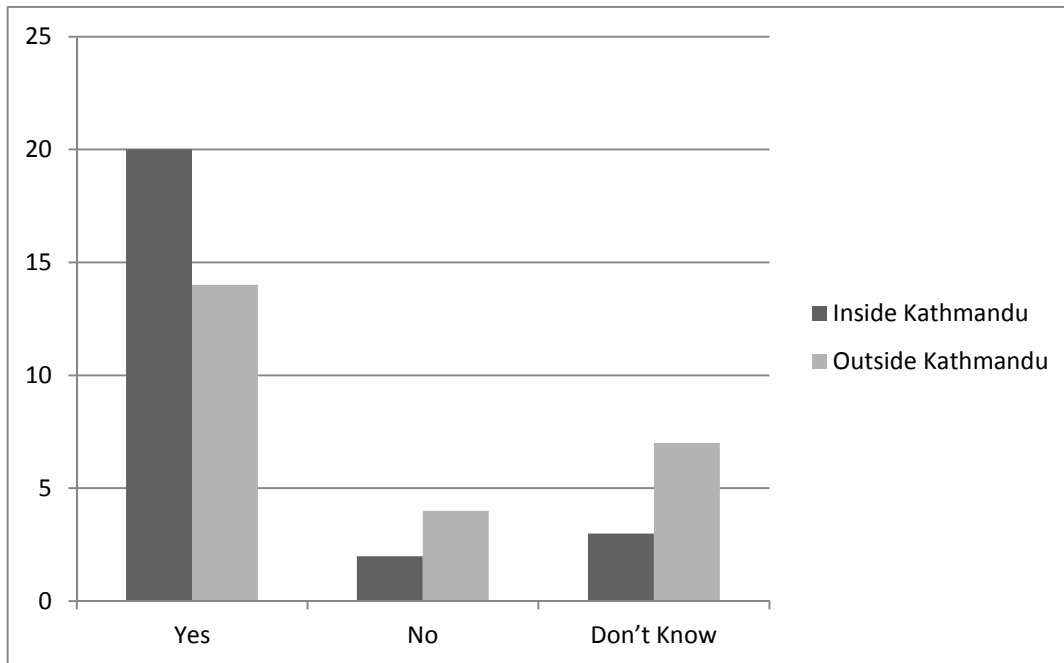
Presence of a security guard at an ATM location is another important safety aspect in customer defined service standard for ATM. We had asked respondents on whether they feel a need of a security guard at the ATM location and the following were their response.

TABLE – 18

Need of Security Guard

| Particulars	Respondents	Yes	No	Doesn't Matter	Total
Inside Kathmandu	Number	20	1	4	25
	Percentage	80%	4%	16%	100%
Outside Kathmandu	Number	16	4	5	25
	Percentage	64%	16%	20%	100%

Source: Questionnaire

According to above table, it is seen that majority of customers feel that an ATM location should have a security guard. This may be due to worsening security problems in and outside Kathmandu. May be some cases of looting near bank's premises has created a fear in customers' mind. Interestingly, as most of the outside Kathmandu ATMs are located at the branch location it is mostly guarded. However, in Kathmandu many of the ATM locations are without guard. This might be the reason why more customers inside Kathmandu look for a guard at the ATM locations.

This can be clearly presented in the following graph.

GRAPH – 12

Need of Security Guard
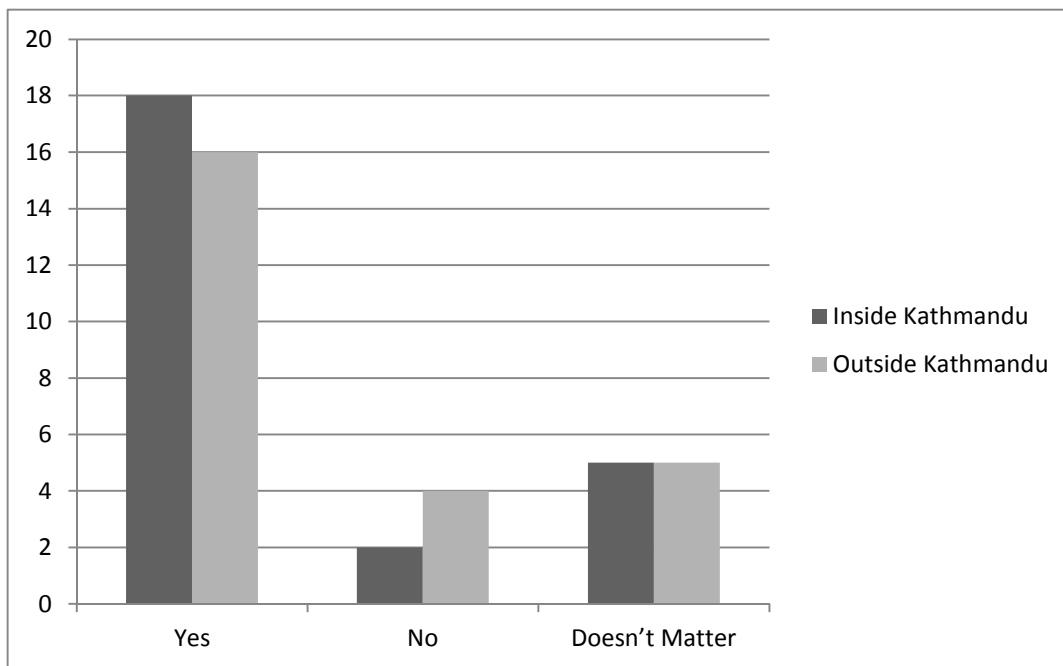
Another security arrangement in an ATM system is the Personal Identification Number, popularly known as PIN which is the 4 digit electronic security code for identifying authorized users for using an ATM. This PIN code is supposed to be known only to the ATM card user. We had asked respondents on whether they think that the PIN is also known to other person like the bank staff or the staff from network companies. This was to test the confidence of the ATM users on the security of these codes and also to gauge the awareness level amongst the customers.

Their response is recorded in the following table.

TABLE – 19

PIN Code Disclosure

| Particulars	Respondents	Only Me	The Staff Issuing the PIN Letter	The Staff Delivering the PIN Letter	Everyone in the ATM Card Department	The Staff from Network Companies Like SCT and VISA	Total
Inside Kathmandu	Number	21	0	0	3	1	25
	Percentage	84%	0%	0%	12%	4%	100%
Outside Kathmandu	Number	7	0	0	9	9	25
	Percentage	28%	0%	0%	36%	36%	100%

Source: Questionnaire

As per the data in the above Table-19, it is seen that around 84% of customers inside Kathmandu believe that their PIN, the security code of an ATM card, is very secret. Whereas, around 40% of the outside valley customers feel that at least staff at ATM department know the PIN. About 36% of customers from outside Kathmandu even feel that the PIN code is known to staff at network companies like VISA and SCT. This perception of customers can be a matter of great concern to the service provide like banks and ATM network providers.

Though the particular code is supposed to be very confidential and generated through a computerized system and not known even to the staff that generates such codes, customers seem to have some doubt on the confidentiality of these codes. Thus it is seen that banks do not educate customers on this security aspects. It can be inferred that customers outside Kathmandu are not very confident on this security arrangement and thus should be given proper information on the security of their PIN codes.

This safety aspect can be clearly presented in the following graph.

GRAPH – 13

PIN Code Disclosure
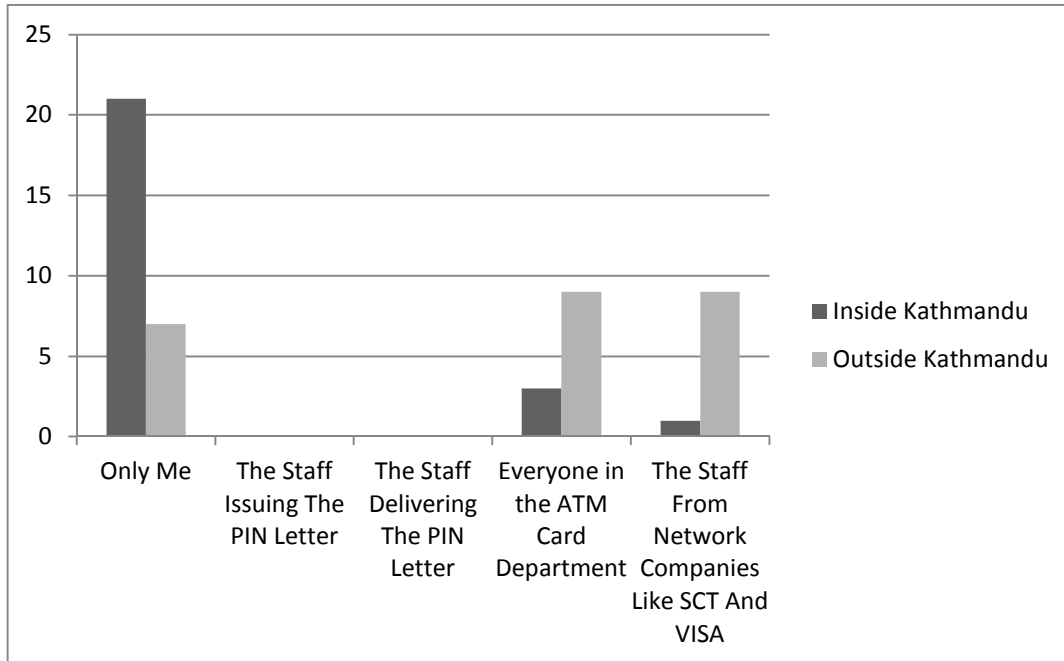
4.4 MAJOR FINDINGS OF THE STUDY

From the data analysis we came to point out some of the distinct service standard related to the ATM services as perceived by the customers of Everest Bank in terms of Convenience, Accuracy, Support and Security. Thus, conclusively, following major findings have been derived from this research.

1. ATM service of Everest Bank is mostly concentrated in Kathmandu. The number of ATM centers outside Kathmandu is quite less as compared to that in Kathmandu.

2. The trend of ATM users is increasing as the bank has started to expand its ATM service.

3. There is absence of customer education program on ATM service at Everest Bank. The bank has invested much on the technology but has not done much in customer awareness program.

4. The most frequent problem related with ATM service is power connection and customer error in using the machine.

5. Customers expect an ATM nearer to their office than their home.

6. Distance of ATM location is irrelevant when choosing a bank in Kathmandu. However, for outside Kathmandu valley customer it makes a difference if the ATM location in nearer.

7. Though customers in Kathmandu will not change a bank based on the ATM location, they would prefer to take the additional ATM card from the nearest bank. However, significant customers from outside Kathmandu may change the bank, if another bank opens an ATM nearer to their residence or office.

8. Customers expect the ATM to be functional all the time and they think it is reasonable if the machine dispenses cash in at least 3 attempts.

9. Most customers look for technical assistance from the bank in case of problem related with the ATM. For this, most of them expect the ATM to display the error message properly and help them solve the problem themselves. Some customers look for personal assistance from nearest branches, in case they are not able to solve the problem. However, no customers from outside Kathmandu like to call the central ATM department in Kathmandu to solve their problem.

10. Customers outside Kathmandu feel less secure when using ATM services.

11. Majority of the bank's customers expect a guard at the ATM location.

12. Though most of the customers have trust on the privacy of the PIN code, some customers outside Kathmandu feel that the PIN number is not secret and at least known to all staff at the ATM department of the bank.

CHAPTER – FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0   SUMMARY

Various traditional and IT enabled banking services used by customers are studied in the present paper. In addition, customer satisfaction was also measured with various dimensions. It is observed that cheque deposit, cheque clearance and ATM card were the most common banking services used by the customers of a bank. While the charges levied by the bank on different services were perceived higher by the customers in private and foreign banks in comparison to nationalized banks. A small number of respondents were using IT enabled services other than ATM. Security, lack of facility, improper awareness and so on were found to be the reasons for not using IT enabled services. The customers of nationalized banks were not satisfied with the employee behavior and infrastructure, while respondents of private and foreign banks were not satisfied with high charges, accessibility and communication. The study shows that only a few respondents made complain to their respective banks. The nature of complain was mostly delay in transaction and extra charges. Hence, the study throws light on different aspects and drawback of services of the nationalized, private and foreign banks. Training on stress management and public dealing should be imparted to the employees of nationalized banks. Nationalized banks need to improve their infrastructure and ambience to compete with private and foreign banks in Nepal. Branches of private and foreign banks should be increased for easy accessibility.

Today's organizations are leveraging technology extensively to improve their customer service and set some standard for the service they offer to their customers. ATM service is one of the most visible uses of technology in banking which ensures 'any time money' facilities to the customers.

After multinational banks opened branches, ATM service was first introduced in Nepal during early 90s. With increasing popularity of ATM service in Nepal, banks have made huge investment in growing their customer base.

However, the service quality of this service hasn't been up to the mark of the customers' expectation. The banks haven't tried much to explore what the customers expect from their ATM service. Thus the study was carried out to find the dimensions of customer defined standard this service with reference to Everest Bank Limited.

Samples included bank's customers from in and outside of Kathmandu so that the possible differences in the standard, if any, could be observed. A questionnaire was administered to gauge the customer's perception on important dimensions of service quality of these ATM service.

The following dimensions were used to measure the service standard as perceived by customers.

(a) Convenience
(b) Accuracy
(c) Support
(d) Security

Convenience included aspects like the customer's expectations of the nearest ATM from their home and office. Majority of customers seem to want an ATM center within 1 km from their home. However, a slight difference was noted when it come to the customers from outside valley.

Similarly, higher expectation was marked for the nearest ATM from their workplace. When the expectation on location of ATM from one's home and office was compared, it could be seen that in Kathmandu more people wanted the ATM to within 1 km of their office than their home whereas, for customers outside Kathmandu, it was found that more people wanted an ATM nearer to their home than as compared to their office.

Questionnaire also explored the relation between convenience and choice of service provider. The respondents were asked whether convenience of distance could be the reason for opening an account with the bank or even changing the existing bank.

It is seen that approximately two third customers inside Kathmandu responded that they would be indifferent to such move by a competitor bank and nobody would consider changing the bank. However, in case of customers from outside Kathmandu, around one third of them would consider changing the bank if another bank's ATM becomes nearer. Thus, distance of nearest ATM would not make any difference while choosing a bank for customers from Kathmandu Valley.

Accuracy of ATM transactions was another important dimension in the research. Customers were asked on how many times they will attempt for withdrawing cash provided that they have sufficient balance and punch correct PIN code. Most of the customers in Kathmandu valley would try for 3 times and customers outside were willing to try even for more than 3 times.

Considering support as next dimension, we wanted to explore more on the type of support ATM users want from a bank. Respondents were requested for their feedback on the type of support they expected if they had some problem with their ATM cards. It is seen that most of the card users prefer technical support in case of problems with the ATM cards. Some even preferred counseling.

More people in Kathmandu expect the ATM to give instruction for identifying and solving the problems. Calling the ATM center in Kathmandu is a preferred option for few of the respondents from Kathmandu but none for outside valley respondents. Similarly, around one third of the respondents outside valley want a bank staff for solving the issues and but only few that of valley respondents would actually expect someone for the solution. Thus, more number of customers expects basic instructions from ATM itself for solving their problem.

Security on ATM transaction is another important dimension in customer's perception. The basic security factors include security of PIN code, security at the ATM location and expectation on secured transaction. Customers in general feel that ATM transactions are secured and their PIN code is quite confidential. However, customers in general expect a guard at ATM location.

5.2   CONCLUSION

The rapid growth in use of ATMs in Nepal offers opportunities to banks to use customers' passion for this innovative service for strategic advantage. The banks should proactively monitor customers' preferences with regard to use of this delivery channel for effective response. Bank should focus on important aspects of security and privacy as well as efficient operation of ATMs. Banks should also augment and diversify their offerings through ATM and use this medium to build a strong and sustained relationship with customers.

Thus, acceptance and usage of ATM service is increasing in Nepal. However, the service quality and the level of customer awareness on such service need a lot of improvement. Banks are more into expanding the each of this service rather than improving its quality aspect.

It was found out that Everest Bank does not provide any orientation or customer education program on the right use of the ATM cards. This might be the reason why we have frequent customer complaint on ATM service and even newspapers regularly feature these problems. Bank is aware of such frequent customer problems but hasn't done much to improve them. Thus, it hasn't made any sincere effort in identifying what are the service standard for this service.

Moreover, bank hasn't focused the outside valley customers in regard to opening ATMs in most convenient places other than its branch locations. This research has tried to identify some possible dimensions of service standard and has explored some standards in terms of convenience, accuracy, support and security factors as perceived by the customers.

The Bank seems have done a lot of work on meeting standards related to convenience and security and fairly meet standards. However, it should now focus on meeting customer standards on accuracy and support provided to the customers.

5.3   RECOMMENDATIONS

Based on the sample survey of ATM users to explore the customer defined service standard of ATM service with reference to Everest Bank, the following measures regarding the improvement of ATM service have been recommended.

1. Customers normally expect an ATM to be functional all the time as it is expected to run 24 hours a day and be accurate. Thus, the bank should be careful on meeting its standard of accuracy as most of the customers would only try up to 3 times. Online connection to the central department and sufficient cash should be present in the machine. To minimize the problem regarding accuracy, the bank should set up a 24 hour monitor system to ensure that the ATM is working properly and refill cash even during bank holidays.

2. ATM service is mostly concentrated in Kathmandu. The number of ATM centers outside Kathmandu is quite less as compared to that in Kathmandu. Thus, bank should also consider expanding this service outside of Kathmandu and open ATMs in convenient places like Hospitals, Shopping Malls and major office areas, in addition to the ATM at its branch premises.

3. Bank should have a system where the ATM displays the reason for the error, in a language customers can understand. Normally, ATM gives an error receipt which normally contains technical jargons written in English. Thus, most of the problems will be solved if the ATM can display technical solutions even in simple English or Nepali.

4. Customers expect some technical assistance from nearest branch locations in case of problem. Thus, the bank should have dedicated staff to handle ATM issues in every branch. These staff can quickly go the ATM centre and solve customer's problem in case the customers can't solve the problem by looking at the instructions given by the machine.

5. For customers outside Kathmandu, calling the central ATM department in Kathmandu for support is expensive. Thus, a toll free line or hot line should be available on the site to report any technical problems faced at the ATM centre. Moreover, a brochure containing

Frequently Asked Question (FAQ) on ATM usage can be provided to the customer on right.

6. At the time of handing over ATM card to the customers, Everest Bank can introduce a customer education program for few minutes by demonstrating the right way of using the ATM cards and minimize the problems related to wrong use of the cards from the customers.

7. Majority of the customers expect a guard at the ATM center, so the bank should arrange for a guard wherever possible to provide the feeling of safety to customers. These guards can be provided with a basic training to assist customers in solving simple problems.

8. Bank should regularly bring customer awareness program on ATM safety and convince customers that the ATM service is one of the most secured ways of doing transaction and the PIN code computer generated and not even known to the staff generating these codes.

9. Bank should regularly collect customer feedbacks using surveys or customer complaints boxes at the ATM locations.

10. To minimize the problems related to power cuts or load shedding, bank must invest in backup power system or even consider solar power for uninterrupted power supply to the machine. As per the survey, this is the most frequent complaints from the customers and would help improve customers' perception on quality of ATM service

QUESTIONNAIRES FOR ATM USERS

Dear Respondents,
This is preparation about the Research Thesis on "Service Standard of ATM" case study of Everest Bank Limited as a part of the requirement for Master of Business Study (MBS) students of Tribhuwan University. I would be grateful to have your opinion in this regard.

Name:-…………………
Age:-………..

Gender: - ☐ Male ☐ Female

Location: - ☐ Inside Kathmandu ☐ Outside the Kathmandu

1. Are you an ATM user of the Bank?
      a) Yes ☐   b) No ☐
2. Currently, the nearest ATM of my bank is around…..km from my home.

3. How far do you expect the nearest ATM from your home?
      a) 0-1km ☐   b) 1-2km ☐   c) 2-5km ☐   d) 5-10km ☐

4. How far do expect the nearest ATM from your office?
      a) 0-1km ☐   b) 1-2km ☐   c) 2-5km ☐   d) 5-10km ☐

5. I will prefer to open an account with a bank, if its ATM is nearest from
      a) My home ☐   b) My office/work place ☐
      C) Doesn't matter but it must be located at convenient place in the town ☐

6. What would you do if another bank opens an ATM nearer than the one from your current bank?
      a) Switch the bank   ☐
      b) Take additional ATM card and use both ☐
      c) It doesn't matter   ☐

7. On knowing that my PIN is correct and I have sufficient balance, I will try for ….. Times before I complain the bank on their level of service.
      a) 2 Times ☐   b) 3 Times ☐   c) 4 Times ☐   d) 5 Times ☐

8. How does your bank help you if you have problem with ATM cards?
      a) Counselling   ☐
      b) Technical Support   ☐
      c) Others   ☐

9. It is reasonable for me to look for some help from the bank in cases I have problem withdrawing my cash. I expect
      a) ATM displays the error message and tells us the reason behind the problem
      b) I call the Central ATM card department and solve the problem.
      c) I call the banks nearest branch and solve the problem.
      d) I expect someone from nearest branch to come and help me solve the problem.

10. I feel safe to do transactions from ATM:

    a) Yes   ☐   b) No ☐   c) Don't Know   ☐

11. Do you expect a guard at your ATM location?

    a) Yes   ☐   b) No ☐   c) Doesn't matter   ☐

12. I believe that my PIN is known to:

    a) No one except me   ☐
    b) The staff issuing the PIN letter   ☐
    c) The staff delivering the PIN letter   ☐
    d) Everyone in the ATM Card department   ☐
    e) The staff from network companies like SCT and VISA ☐

QUESTIONNAIRES FOR BANK MANAGEMENT / STAFF

Dear Respondents,
This is preparation about the Research Thesis on "Service Standard of ATM" case study of Everest Bank Limited as a part of the requirement for Master of Business Study (MBS) students of Tribhuwan University. I would be grateful to have your opinion in this regard.

Name:-…………………
Age:-………..

Gender: -   ☐ Male   ☐ Female

Location: -   ☐ Inside Kathmandu   ☐ Outside the Kathmandu

1. How is the trend of ATM users in your bank?
   a) Increasing slowly   ☐
   b) Increasing very fast   ☐
   c) Not increasing   ☐

2. How aware are the customers on the ATM uses?
   a) Highly aware   ☐
   b) b) Slightly aware   ☐
   c) Slightly unaware   ☐
   d) Highly unaware   ☐

3. Which one is the most frequent complaint from the ATM users? Please rank the options: 1 being the most frequent and 5 being the least frequent.
   a) No power ATM is off   ☐
   b) Card is captured by the system because of inputting wrong security codes   ☐
   c) ATM has connection problem   ☐
   d) Account is deducted by cash is not dispensed   ☐
   e) Complaints about safety misuse by some other people   ☐

4. Which one is the most frequent problem in ATM uses in Nepal? Please rank the options: 1 being the most frequent and 5 being the least frequent.
   a) Problem related to online connections with the central system   ☐
   b) Errors made by customers because of insufficient knowledge on its use   ☐
   c) Power related problems   ☐
   d) Technical problems related to the ATM machine   ☐
   e) Others   ☐
5. What is the impact of liquidity management from the use of in your Bank?
   a) Yes   ☐
   b) No   ☐
   c) Don't Know   ☐

Thank you for your valuable response.

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